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CONTENTS

29 March 1990

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry Holds Weekly News Briefing	1
Meeting With Japanese 11-12 Apr [XINHUA]	1
Thai Princess To Visit [XINHUA]	1
Guyanese Foreign Minister To Visit [XINHUA]	1
Editorial Views Peaceful Foreign Policy [WEN WEI PO 29 Mar]	1
Article Views U.S.-Japanese Trade [RENMIN RIBAO 17 Mar]	2

United States & Canada

Ambassador Lilley Proceeds to Jilin [Harbin Radio]	3
Article Discusses New U.S. Military Strategy [JIEFANGJUN BAO 12 Mar]	3

Soviet Union

Wang Renzhi Meets CPSU's Medvedev in Moscow [XINHUA]	5
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Southeast Asia & Pacific

Thai Foreign Minister Sitthi Continues Visit	5
Discusses Ties With Jiang [XINHUA]	5
Discusses NPC With Li Peng [XINHUA]	5
'Unlikely' To Host Cambodia Summit [AFP]	6
Thai Enterprise Group Invests in Ningbo [XINHUA]	6
Roundup Views Cambodian Issue Consultation [RENMIN RIBAO 16 Mar]	7
Cambodian War Situation Viewed [RENMIN RIBAO 10 Mar]	8
Jakarta Conference Ends in Discord [LIAOWANG OVERSEAS EDITION 12 Mar]	9

Near East & South Asia

Trade Union Delegation Visits Egypt [XINHUA]	10
Commentaries View Israeli Government Problems	11
Reasons for Collapse [RENMIN RIBAO 17 Mar]	11
Crisis in Cabinet [RENMIN RIBAO 20 Mar]	12

Sub-Saharan Africa

Vice Premier Wu Xueqian Visits Nigeria	13
Meets President Ibrahim Babangida [XINHUA]	13
Signs Culture, Education Agreement [XINHUA]	13
CPC Delegation Ends Ivory Coast Visit [XINHUA]	13

West Europe

French Bank, Bank of China Reach Loan Agreement [XINHUA]	13
Trade With France Increases 30 Percent in 1989 [Beijing Radio]	14
Overseas Chinese Association Set Up in Portugal [XINHUA]	14

NATIONAL AFFAIRS

Political & Social

Coverage Continues on Seventh NPC Session	15
Deputies on Textile Industry [XINHUA]	15
Shandong Deputy on Work Report [Jinan Radio]	15
Heilongjiang Deputy Interviewed [XINHUA]	16
Jiang, Li Attend Tea Party [XINHUA]	17
Third Plenary Meeting Held [Beijing Radio]	17
Qian Qichen Press Conference [Beijing TV]	18
Wang Renzhong Attends Discussion [XINHUA]	22
Ji Pengfei on Hong Kong Law [XINHUA]	23
Ji Explains Draft [XINHUA]	24
Ji Explains Political Structure [XINHUA]	24
Ji Explains Hong Kong Autonomy [XINHUA]	26
Peng Chong on Committee Work [XINHUA]	28
Peng Chong on Congress System [XINHUA]	29
Sichuan Deputies on Education [Beijing Radio]	30

Military

Yang Shangkun Addresses PLA Group Discussion [ZHONGGUO XINWEN SHE]	31
Chi Haotian Urges Improved Military Research [JIEFANGJUN BAO 25 Feb]	31
Army Circular Views Learning From Lei Feng [JIEFANGJUN BAO 6 Mar]	32
General Yang Announces PLA Pop Culture Ban [HONGKONG STANDARD 29 Mar]	33
Generals Reportedly Pleased Over Defense Budget [Hong Kong SOUTH CHINA MORNING POST 23 Mar]	33
Army Holds Political, Legal Work Conference	34
Ensuring 'Three Guarantees' [JIEFANGJUN BAO 8 Mar]	34
Viewing Logistics Political Work [JIEFANGJUN BAO 2 Mar]	35
Article Views Air Force Political Work [JIEFANGJUN BAO 7 Mar]	36

Economic & Agricultural

Commentary Views Current Economic Affairs [RENMIN RIBAO OVERSEAS EDITION 9 Mar]	38
Economic Restructuring Plans Studied Again [Hong Kong CHING CHI TAO PAO 12 Mar]	38
Article Details Military Budget [Hong Kong HONGKONG STANDARD 20 Mar]	39
Foreign Debt Reportedly Under Control [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 20 Mar]	40
Central Bank To Support Foreign Joint Ventures [CHINA DAILY 23 Mar]	40
Roundup Examines Special Zones' Role [XINHUA]	41
Commentary Discusses Market Regulation in SEZs [RENMIN RIBAO OVERSEAS EDITION 15 Mar]	41
Special Economic Zones Demand More Local Power [Hong Kong MING PAO 27 Mar]	42
Joint Ventures Seminar Opens in Beijing [CHINA DAILY 22 Mar]	43
Debate on Easing of Money Supply Reported [Hong Kong SOUTH CHINA MORNING POST 23 Mar]	43
Government Prepared To Repay Domestic Debts [XINHUA]	44
Bank of China Plans To Begin Issuing Bonds [CEI Database 27 Mar]	44
People's Bank To Tender More Loans This Year [XINHUA]	45
Commerce Minister Predicts Turn for Market [XINHUA]	45
Ministry Describes 1990 Domestic Market [XINHUA]	46
Rural Enterprises Seen as Developing Steadily [XINHUA]	46
Seven Regional Economic Groups Taking Shape [Hong Kong HSIN WAN PAO 12 Mar]	47
Conference Held on Surplus Labor Problem [CHINA DAILY 24 Mar]	47
Labor Service Network Should Help Employment [XINHUA]	48
State Councillor Zou Stresses Industrial Safety [XINHUA]	48
Article Evaluates Domestic-Made Goods [JINGJI CANKAO 28 Feb]	48
Aspects of Eighth Five-Year Plan Detailed [Hong Kong HSIN WAN PAO 17 Mar]	50

Notice Banning Illegal Economic Organizations	[XINHUA]	51
Minister Gao Dezhan on Afforestation Priorities	[XINHUA]	51
Statistics Bureau Reports Spring Plowing Begins	[XINHUA]	51

REGIONAL AFFAIRS

Central-South Region

Guangdong Completes Spring Conscription Work	[Guangzhou Radio]	53
Guangdong Holds Symposium on College Youth Work	[Guangzhou Radio]	53
New Henan Secretary Hou Zongbin Addresses Party	[Zhengzhou Radio]	53

North Region

Beijing Students Take Courses on CPC	[XINHUA]	53
Inner Mongolia's Wang Qun Conducts Inspection	[NEIMENGGU RIBAO 17 Feb]	54

Northwest Region

Zhang Boxing Addresses Shaanxi CPC Plenum	[Xian Radio]	54
Xinjiang Police Arrest Illegal Arms Merchants	[HSIN WAN PAO 28 Mar]	55

HONG KONG & MACAO

Hong Kong

Basic Law Drafter Urges NPC To Adopt Draft	[SOUTH CHINA MORNING POST 29 Mar]	56
Bank of China Report Cites Colony's Vital Role	[SOUTH CHINA MORNING POST (BUSINESS POST) 29 Mar]	57
Asiasat Satellite Launch Set for 7 April	[SOUTH CHINA MORNING POST 27 Mar]	58
AIDS Increases Among Resident Chinese	[SOUTH CHINA MORNING POST 28 Mar]	58

General

Foreign Ministry Holds Weekly News Briefing

Meeting With Japanese 11-12 Apr

OW2903085890 Beijing XINHUA in English
0833 GMT 29 Mar 90

[Text] Beijing, March 29 (XINHUA)—The 10th round of regular consultations between the Chinese and Japanese authorities for foreign affairs will be held in Beijing on April 11 and 12, a Chinese Foreign Ministry Spokesman announced here today.

The two sides will exchange views on Sino-Japanese relations and international issues of common concern, the spokesman said.

The spokesman said that Chinese Vice-Foreign Minister Qi Huaiyuan and Deputy Vice-Minister Owada Hisashi of the Japanese Foreign Ministry will attend the consultations.

Thai Princess To Visit

OW2903091790 Beijing XINHUA in English
0830 GMT 29 Mar 90

[Text] Beijing, March 29 (XINHUA)—A Chinese Foreign Ministry spokesman announced here today that Her Royal Highness Princess Mahachakri Sirinthon of the Kingdom of Thailand will pay a goodwill visit to China starting from April 7 at the invitation of the Chinese Government.

Guyanese Foreign Minister To Visit

OW2903092390 Beijing XINHUA in English
0829 GMT 29 Mar 90

[Text] Beijing, March 29 (XINHUA)—A Chinese Foreign Ministry spokesman announced here today that Foreign Minister Rashleigh Jackson of the Cooperative Republic of Guyana will pay an official visit to China from April 10 to 15 at the invitation of Chinese Foreign Minister Qian Qichen.

Editorial Views Peaceful Foreign Policy

HK2903061290 Hong Kong WEN WEI PO in Chinese
29 Mar 90 p 2

[Editorial: "Independent and Peace-Oriented Foreign Policy"]

[Text] At the opening ceremony of the current session of the National People's Congress [NPC], Li Peng's government work report elaborated in details China's independent and peace-oriented foreign policy. Yesterday, Chinese Foreign Minister Qian Qichen again gave detailed answers to the questions raised by Chinese and foreign reporters and explained China's relations with the Soviet Union, the United States, Japan, and Eastern Europe.

Under the present eventful world situation, China is going in keeping with the world's general situation and general tendency and display its brand-new diplomatic style. China has become more mature and more flexible. It not only highly safeguards its national sovereignty and long-term strategic interests, but also takes the initiative in further developing friendly relations with various countries in the world on the basis of equality and mutual benefit.

How does China view the current world situation? China's judgment is: The international situation is undergoing major changes, and various forces are undergoing large-scale realignment.

The changes are profound. U.S.-Soviet relations are changing, and the bipolar pattern of the world no longer exists. China holds that the multipolar tendency in the world will further develop, and the ability of the United States and the Soviet Union to influence international affairs will decline. The multipolar pattern has appeared.

Relations between the two blocs in the East and in the West are also changing. The tremendous changes in Eastern Europe have changed the comparatively fixed pattern of bloc behavior in the 45 postwar years. Germany's reunity has been considered by all parties concerned and will affect Europe as a whole. New interest contradictions have appeared, and new complicated struggle and confrontation have also emerged. Many countries have to consider their own survival space and their future safety and danger. Thus, they will have to seek a new point of balance and seek new partners in order to cope with possible unrest and turbulence. Long-standing division will be replaced with reunity, long-standing alignment will give way to division. As the government work report described, "various forces in the world are undergoing new division and realignment according to their complicated interest contradictions."

China's current diplomatic orientation is: No matter how the world is divided and realigned, China will strive to achieve its own position in the new multipolar combination pattern, will play an active role, and will ensure the Chinese nation's independent status in the family of the world's nations.

In order to achieve this objective, China has first established a foreign line based on its national interests. The foreign line serves the purpose of regenerating China and striving for a peaceful and stable international environment needed by China's economic construction. At present, the overwhelming task of primary importance in China is to maintain stability and to seek development on the basis of maintaining stability. Secondly, China will adapt itself to the changes in the world, persistently follow the five principles for peaceful coexistence, and properly handle relations with other countries. As for the changes in Eastern Europe, the Chinese leaders have repeatedly stated that those are internal affairs of the East European countries. Foreign Minister Qian Qichen also stressed that "one should not make indiscreet

remarks and irresponsible comments on these affairs." China is determined to advance along the course of socialism, and this is China's internal affair that no foreign country is allowed to interfere in. Similarly, China will not comment on other countries' internal affairs and determine how close relations should be kept with other countries according to the similarity or difference of each other's ideologies and social systems. Therefore, China continues to maintain good relations with the East European countries, and extended congratulations to the new parties and new leaders who rose to power. China also continues to advance the process of normalizing Sino-Soviet relations, and Premier Li Peng will visit the Soviet Union next April. China will strive to conclude agreements with the Soviet Union on the issues of developing economic and trade cooperation and reducing troops stationed along the border line.

There are also broad prospects in the development of Sino-U.S. relations. China always attaches importance to its relations with the United States. However, some people are trying to pursue power politics and to interfere in China's internal affairs under various pretexts. Facts show that it is not China that has done harm to Sino-U.S. relations. Qian Qichen cited some examples in this regard: China pursues the family planning policy because China is facing too large a population. However, the United States takes this as a human rights issue and arbitrarily meddles in it. Foreign Minister Qian said: "If the U.S. population increases five times, those gentlemen in Congress may hold a different point of view." In the future, facts will show that so long as the United States stop interfering in China's internal affairs, Sino-U.S. relations will continue to develop.

Exchanges between China and Japan are increasing. China has just received Young, vice chairman of Britain's ruling party, and stressed the need to increase consultation and exchanges. China told the delegation of France's senate which visited China recently that China hoped to develop cooperation and friendship with France. All this demonstrated that China adheres to its independent and peace-oriented diplomatic policy while adapting itself to the world's multipolar tendency.

On China's diplomatic principle, the government work report said: "All countries, big or small, strong or weak, no matter whether their social systems are similar or different, should respect each other, treat each other equally, seek common points while reserving differences, carry out friendly cooperation, and promote common prosperity." This is not an expedient policy but China's consistent policy since the founding of New China, and it will stand the tests of history.

Article Views U.S.-Japanese Trade

HK2803034290 Beijing RENMIN RIBAO in Chinese
17 Mar 90 p 7

["Economic Jottings" by Sun Yi (1327 3015): "Structural Consultation" and Economic Friction between Japan and the United States"]

[Text] Five years ago, in order to check the continuing increase in the trade deficit with Japan, the United States forced the Japanese yen to appreciate. Now, although the exchange rate of the U.S. dollar to the Japanese yen has declined by nearly 50 percent, commodities with the "Made in Japan" label are still unceasingly pouring into the American market. At the same time, the American goods are still facing mountains of difficulties when making inroads into the Japanese market. The Americans are now perplexed. Did the traditional "economic laws" that existed for hundreds of years become invalid?

The Americans who suffered losses were forced to restudy their Japanese rivals. They eventually found that the Japanese set up some "unfair" structural trade barriers in their domestic market, and these structural barriers offset the effects of the traditional method of lowering the exchange rate in order to overcome the U.S. trade deficit with Japan. The U.S. government thus decided to first remove those obstacles and demanded that Japan solve the problems in its economic structure.

Then, according to the U.S. proposal, the two sides held three rounds of talks on the structural problems in September and November last year, and in late February this year. In the talks, the U.S. side behaved like a "victim" and put forward a written statement which listed six structural problems that impeded free trade between the two countries. It demanded that Japan solve these problems in the aspects of the pricing mechanisms, the circulation system, savings and investment, the land system, the sequence relations among the enterprises, and their exclusive trade pattern. At the same time, the U.S. also blamed Japan for never taking concrete action to improve the situation. The United States harbored a simple intention, that is, to force Japan to change its domestic economic structure and some exclusive economic policies.

Of course, Japan could not disregard the offensive launched by the United States. This was because a considerable part of Japanese products had to be sold to the United States, and there were a thousand and one links between the Japanese economy and the U.S. economy. If the United States really took reprisal actions, Japan would suffer great losses. Therefore, Japan could not but express its willingness to further adjust its economic structure, and promise to further open its market and adjust the differences between overseas and domestic prices.

However, a promise was merely a statement rather than a concrete action. The United States had long been discontented with Japan's deeds not matching its words, but it was never easy to make Japan honor its own promise, because Japan also had its own difficulties. Japan's domestic investment, especially the investment in public utilities, is increasing rapidly; the private enterprises are also undergoing the peak period of their investment in capital construction. Therefore, its domestic economy is facing the great pressure from the

overheated economic conditions. In addition, domestic savings kept decreasing, and there was unrest and turbulence in the stock market. Under such situation, it was hard for Japan to behave in a way that could satisfy the Americans. It is very likely that Japan's promise this time will be another empty promise.

Fundamentally speaking, it is insufficient to change Japan's circulation structure and its exclusive commercial habit if Japan's market structure is to be transformed to meet the requirements of the Americans. Japan's "structural problem" not only reflects the growth and decline of the economic strength of Japan and the United States, but is also related to Japan's special production structure. According to the prevailing theory about the international division of work, Japan belongs to the vertical type of work-division system. Japan mainly needs to import raw materials and fuel, and mainly exports electronics and mechanical products. It is like a huge processing factory. This also makes the foundation of Japan's domestic economy very weak, and makes it rely heavily on the external markets. In order to protect its own economic interests, Japan will inevitably try hard to set up various trade barriers in its domestic market. The "structural problem" pointed out by the U.S. side is indeed the crux of the problems in their economic relations.

Is it true that the United States bears no responsibility for the U.S.-Japanese trade friction that has not developed to the present degree? No. The huge deficit in its trade with Japan was also related to the high consumption of American corporations and individuals through contracting huge debts and to the consequent rapid swell of the domestic demand in the United States. At the same time, the American goods were continuously inferior to the Japanese goods in the competition. On this issue, David Hale, senior economist of the Campo Financial Service Company, said that "Japan's rise as an industrial country has forced the United States to carry out a revolution in its consideration of free trade, industrial policy, and government roles." In another word, should the U.S. side also do something to adapt itself to the current situation?

In the future, Japan and the United States will continue to hold talks on the structural issues, and it is hard to expect the results of the talks. However, it is certain that since the trade friction between the two countries has developed from a single product to the current "structural problem," U.S.-Japanese trade friction has been further deepened and in a certain sense, the overall economic confrontation between the two countries has begun.

United States & Canada

Ambassador Lilley Proceeds to Jilin

SK2803103990 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 27 Mar 90

[Text] After winding up his three-day visit in Heilongjiang Province, Lilley, the ambassador of the

United States to China, left Harbin for Changchun by train, accompanied by Eugene Dorris, consul general of the U S Consulate in Shenyang.

During his visit to the province, Ambassador Lilley and his entourage paid official calls to the provincial government, the provincial People's Congress Standing Committee, and the Harbin City Government; and visited the Harbin Electrical and Machinery Plant, the Harbin Steam Turbine Plant, and a specialized grain production household in (Jingfu) Township in Shuangcheng City.

Article Discusses New U.S. Military Strategy

HK2803014690 Beijing JIEFANGJUN BAO
in Chinese 12 Mar 90 p 3

[Article by Li Qinggong (2621 1987 0501): "U.S. Military Strategy in New Situation"]

[Text] In late January, when submitting the national defense budget of the 1991 fiscal year to Congress, the Bush administration also expounded the U.S. military strategy under the new situation. The Bush administration held that "there are tremendous opportunities as well as tremendous uncertain factors and risks in the current rapidly changing world." According to this basic assessment of the current situation, it affirmed that "the Soviet Union will remain the main rival of the United States in the global sphere," but the United States will also face actual and latent challenges from "the serious threats which are increasing in other aspects." Therefore, the Bush administration laid more stress on the flexibility of its military strategy of "flexible reactions," and also adjusted various sub-strategies.

Nuclear strategy: The Bush administration held that "nuclear deterrence will remain the core of the U.S. defense strategy" and that "increasing the comprehensive deterrent power of the nuclear force remains the pressing task of the times in U.S. nuclear strategy." The Bush administration is making some major adjustments in its nuclear strategy, and the adjustments are mainly concentrated on two aspects.

First, priority is given to the surviving capacity of the nuclear force. In its plan for modernizing the nuclear force, the Bush administration gave priority to the development of such projects as the B-2A "stealth" bombers, the mobile MX missiles, the "Midgetman" missiles, and the "Trident II" submarine-launched missiles which will increase the surviving capacity of the nuclear force. A total amount of \$11.773 billion was allocated to these projects. Second, the strike targets of the nuclear force were also adjusted. In order to raise the credibility of its nuclear deterrence, the Bush administration not only takes the land-based heavy transcontinental ballistic missiles of the Soviet Union as its main strike targets, but also the strategic defense systems. A noticeable fact was that the headquarters of the U.S. strategic air force was formulating a new "combat program based on strategic integration." The U.S. nuclear force also plans to carry out nuclear strikes against the

location of the Soviet leading group in the initial stage of the war, and is prepared to organize a "crack nuclear force" to carry out special tasks and to be commanded by the president to tackle emergencies.

Strategic defense: In recent years, due to various obstructive factors in the strategic environment, in the political situation, and in technological development, the "Strategic Defense Initiative" that Reagan launched in March 1983 was bogged down for a time. According to its strategic needs and the new technological developments, the Bush administration again attached importance to the "Strategic Defense Initiative" and worked out three objectives for this program: 1) "containing the Soviet Union's strategic nuclear offensive;" 2) "containing the offensive staged by countries which possess and are developing missiles for carrying nuclear and chemical warheads;" and 3) "coping with incident-caused or accidental nuclear raids."

In order to achieve these strategic objectives, the Bush administration accelerated the research and development process concerning the "Strategic Defense Initiative." In order to ensure the effectiveness of this program, the Bush administration still planned to allocate \$4.471 billion, which marks an increase of 25 percent, to the research and development projects for strategic defense in the coming fiscal year even though the total military expenditure is to be reduced. The Bush administration expected that "by the end of this century or in the early 21st century, the United States will enter the initial deployment stage of the new strategic defense system," then the deployment plan of "the multi-tiered strategic defense system which includes the land-based and space-based weapons" will be fulfilled step by step. Then, the strategic strength of the United States will serve both offensive and defensive purposes.

Conventional strategy: When facing the changes in the international security environment, especially the developments in Europe's political and military situation, and when facing the "challenges" against the United States posed by some "regional powers" in the military field, the Bush administration has begun to partly adjust its traditional conventional military strategy. On the one hand, it stressed the need "to maintain strong conventional armaments and reduce the dependence on the means of nuclear reprisal;" on the other hand, it attached greater importance to "the building of a conventional deterrent force that can perform combat duties when deterrence becomes ineffective."

It relied mainly on deterrence when tackling the military threats from the Soviet Union and the Warsaw Pact, but it resorted more to the use of military force against the low-intensity regional conflicts in the Third World. In order to guarantee the implementation of this strategy, the Bush administration will continue to carry out the structural adjustment of the conventional military forces in the new fiscal year by strengthening the construction of light-equipped units and special combat units and raising their comprehensive combat capability in coping

with the eventualities. In addition, the Bush administration will also revise the campaign and tactical principles according to the experience in the fighting of invading Panama.

Competition strategy: The Bush administration now pays attention to the development of armaments in the next 10 years or a longer period, and has once again stressed the importance of the competition strategy. In order to "carry out protracted competition with the Soviet Union," the Bush administration has planned to make full use of the United States' high-technology advantages and develop the previous competition strategy which was rather effective. It will put more resources into the three major fields of developing "crucial technologies, weaponry and equipment, and tactics" in order to ensure the United States' superior position in these aspects.

Disarmament strategy: In the recent period, according to the development of the Soviet and East European situation and the changes in the international security environment, the Bush administration has made some substantial adjustments in its disarmament strategy and has fixed new strategic objectives in five aspects.

Through carrying out negotiations, concluding treaties, and implementing treaties, the United States is trying to achieve the following purposes: Forcing the Soviet Union to substantially reduce its armaments, thus reducing its military threats against the U.S. security interests; resolving the tough problem of the insufficiency of military expenses caused by the development of armaments, while maintaining the crucial strategic deterrent force and the main research and development projects; prompting the allies to shoulder more commitments for "common defense" and consolidating the "collective security" system in the West; helping Gorbachev tide over his difficulties with a hope that "Gorbachev will tightly control the situation;" and shake off the plaguing influence of the arms race on the building of "new strategic relations" with the Soviet Union. In order to achieve these five disarmament strategic objectives, the Bush administration will adopt more flexible and positive approaches and steps in the field of disarmament.

Alliance strategy: The United States has formed "alliance structures" with 26 countries according to seven major treaties to "guarantee their common political, economic, and security interests." This plays a major role in propping up the U.S. military strategy as a whole. When drastic changes have occurred in the current international situation and when the United States has found it harder and harder to pay the military bills, the Bush government will need to "place more stress on its alliance policy" and to strive to maintain the United States' leading position. At the same time, it "will rely more on the crucial commitments of the allies for common defense."

The Bush administration stressed that "the forefront defense" is the foundation for the U.S. alliance strategy, while the troops stationed in overseas areas and the overseas bases constitute two major pillars. Although the Bush administration planned to reduce the number of troops stationed in overseas areas and reduce the number of overseas bases in order to meet the need of cutting down on the military expenditure in the new fiscal year, its military presence in the key strategic points will still be upgraded in quality and the posture of "forefront defense" will not be weakened. In addition, in order to bring "forefront defense" into better play and strengthen allied relations, the Bush administration planned to provide \$8.8 billion of security assistance to various allies in the new fiscal year, marking an increase of about 20 percent.

In short, although the Bush administration has adjusted the above-mentioned sub-strategies to different degrees, it still stressed that the United States will continue to pursue the "flexible reaction" strategy. This indicated that according to the Bush administration, although there were the tremendous changes in the current international political situation, no corresponding improvement had occurred in the international security environment and threats still existed to a serious degree. Therefore, "the 'flexible reaction' strategy that was successfully pursued for more than 20 years" will continue to be applicable in the present stage. This also indicated that when facing the rapid and tremendous changes in the present international situation, the Bush administration could not make a conclusive assessment of the security environment and it was hard for it to put forward a brand-new military strategy. Reportedly, the strategists and military experts in the Bush administration are intensely working in order to formulate the country's military strategy in the 1990's.

Soviet Union

Wang Renzhi Meets CPSU's Medvedev in Moscow

OW2903073390 Beijing XINHUA in English
0718 GMT 29 Mar 90

[Text] Moscow, March 28 (XINHUA)—Politburo member of the Soviet Communist Party Central Committee Vadim Medvedev met here today with a high-level Chinese Communist Party delegation.

The delegation, led by Wang Renzhi, head of the Chinese party's Propaganda Department, was invited by the Soviet Communist Party in line with an exchange program arranged after the two parties restored relations last year.

During their meeting, Medvedev, also a secretary of the Central Committee of the Soviet Communist Party, briefed the Chinese delegation on his country's ongoing reforms and the preparations for the coming 28th Congress of the Soviet Communist Party.

Wang Renzhi informed his Soviet counterpart of the reforms and party construction in China.

Both sides expressed the view that party-to-party relations should be developed on the basis of equality, independence, mutual respect and non-interference in each other's internal affairs. The Chinese delegation arrived here March 19 after visiting Leningrad and Kiev.

Southeast Asia & Pacific

Thai Foreign Minister Sitthi Continues Visit

Discusses Ties With Jiang

OW2803181690 Beijing XINHUA in English
1517 GMT 28 Mar 90

[Text] Beijing, March 28 (XINHUA)—China will "do its utmost" to develop its friendship with Thailand, said Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, here this afternoon.

Meeting with Sitthi Sawetsila, visiting Thai foreign minister, Jiang said China adheres to its independent foreign policy of peace and will develop its relations on the basis of the five principles of peaceful co-existence with other countries, no matter what the social systems they adopt.

He continued by saying that in the 15 years since China and Thailand established diplomatic relations, the relationship between the two countries has developed quite well, despite their different social systems.

"We will do our utmost to develop Sino-Thai friendship," Jiang said, adding that he believed that Sitthi's visit to China will surely further strengthen the friendship between the two countries and step up the bilateral relations in the fields of politics, economy and culture.

Jiang spoke highly of the contributions Sitthi has made to the development of Sino-Thai friendship in his diplomatic career.

In their cordial and friendly talks, Jiang also briefed Sitthi on China's internal situations.

At the end of the meeting Sitthi asked Jiang to convey his greetings to Deng Xiaoping, China's retired top leader, and Jiang asked in return that Sitthi convey his greetings to Thai Prime Minister Chatchai Chunhawan.

Discusses NPC With Li Peng

OW2803182090 Beijing XINHUA in English
1550 GMT 28 Mar 90

[Text] Beijing, March 28 (XINHUA)—Chinese Premier Li Peng said here today that the significance of the current session of the National People's Congress (NPC) lies in its emphasis on China's political, economic and social stability.

Li made the remark while meeting visiting Thai Foreign Minister Sitthi Sawetsila, who asked about the current NPC session and China's policies in political and economic fields.

Li added that China is seeking development on the basis of stability.

He said, "our political reforms are based on China's specific conditions and they should be carried out along with the economic reforms."

He added, "we will further give full play to the role of the people's congresses at various levels, perfect multiparty co-operation under the leadership of the Chinese Communist Party and the system of political consultation, and enable the people's organizations including trade unions, youth leagues and women's federations to play their role better in the country's political life."

On economic policies, Li Peng said, China adopts the principle of combining a planned economy with market regulation.

This principle has been expounded in the government work report delivered to the current session of the NPC, he said.

Li stressed that China's policies of economic reform and opening to the outside world will remain unchanged.

He said that in the morning the State Council had submitted a draft amendment to the law on Chinese-foreign equity joint ventures to the NPC.

The basic content of the draft is to offer a better investment environment for foreign businessmen and to enhance their confidence about investing in China, he explained. This shows specifically that China will continue to carry out its policies of economic reform and opening to the outside world, he said.

"We are full of confidence in China's future," Li said. "Despite the fact that some Western countries are imposing economic sanctions against China, we are confident we can persevere in our pursuit of the realization of the four socialist modernizations."

Premier Li and Thai Foreign Minister Sitthi then went on to discuss the Cambodia issue.

Li reiterated that the Chinese Government consistently calls for a fair, reasonable and comprehensive political settlement of the issue.

He said that two principles must be followed: First, Vietnam must withdraw all its troops from Cambodia, and second, all aspects of a settlement to the issue, of no matter what kind, must be agreed on by the four Cambodian parties concerned and take the interests of the four parties into account.

"We maintain that the four parties concerned in Cambodia should unite and hold a general election under the

supervision of the United Nations to establish a legal Cambodian government," he stressed.

During their talks, Li spoke highly of the existing friendly and co-operative relations between China and Thailand. He said China and Thailand are neighbors and the relations between the two countries have always been sound.

He specially mentioned the effective co-operation between the two countries in the past few years in the search for a political settlement of the Cambodia issue.

Li said that China is also willing to co-operate with other Southeast Asian countries and other related countries in the world over the Cambodia issue.

Sitthi said that Sino-Thai relations are now enjoying a particularly good period and are improving rapidly.

He conveyed Thai Prime Minister Chatchai Chunhavan's regards to Premier Li. The Chinese premier, in turn, asked the Thai foreign minister to take his regards to Chatchai.

'Unlikely' To Host Cambodia Summit

HK2903101790 Hong Kong AFP in English
0948 GMT 29 Mar 90

[Text] Beijing, March 29 (AFP)—It is unlikely that Thailand will host a Cambodian peace summit in Bangkok, diplomatic sources said Thursday as Thai Foreign Minister Sitthi Sawetsila continued a week-long visit to China.

Mr. Sitthi had said Tuesday, upon his departure from Bangkok to Beijing, that he would discuss the possibility of a Cambodian summit in the Thai capital with Chinese officials.

Such a summit would include China and Vietnam, both major arms suppliers to either side of the conflict pitting the Hanoi-backed Phnom Penh government against three loosely-allied resistance groups.

But sources said it was now unlikely that such a meeting would take place, as a meeting in Paris is expected in June bringing together all Cambodian factions plus five foreign countries close to the conflict.

Thailand is also reluctant to upstage its ASEAN partner, Indonesia, which has hosted a series of informal peace talks in Jakarta, the sources said.

Mr. Sitthi met Thursday with Cambodian resistance leader Prince Norodom Sihanouk, currently visiting ailing relatives in Beijing, before travelling Friday to the provincial cities of Hangzhou and Guilin.

Thai Enterprise Group Invests in Ningbo

OW 2903050290 Beijing XINHUA in English
0228 GMT 29 Mar 90

[Text] Ningbo, March 29 (XINHUA)—The Chia Tai group of companies of Thailand has recently bought the

most expensive factory buildings in Ningbo's economic and technical development zone, East China.

The Chia Tai group has decided to set up in Ningbo a processing project for petrochemical products and a comprehensive enterprise for processing and exporting forage. Other factories, including an oil-pressing factory, will also be built here.

Ningbo, one of China's open coastal cities, has made rapid progress in infrastructure construction in recent years. It has an advanced petrochemicals industry, power industry, telecommunications facilities and harbors.

The Beicang deepwater harbor, which can accommodate 100,000 dwt ships, and the Zhenhai petrochemical works, with a processing capacity of over five million tons, are located here.

The Chia Tai group is a comprehensive transnational corporation organized by Thailand's leading financial groups. It has invested in 30 industrial projects on China's mainland.

Roundup Views Cambodian Issue Consultation

HK2803010290 Beijing RENMIN RIBAO in Chinese
16 Mar 90 p 4

["Roundup" by staff reporter Lu Wangda (0712 4986 1129): "Useful Consultation"]

[Text] Paris, 14 Mar (RENMIN RIBAO)—On 12 and 13 March, the five permanent member countries of the UN Security Council held the third round consultation on the Cambodian issue in Paris, in order to seek a comprehensive political solution for the Cambodian issue at an early date. Public opinion here held that this round of consultation was useful.

According to the summary of talks published after the meeting, the representatives of the five countries reached consensus of opinion on three issues, namely, the United Nations' organizing the general elections in Cambodia; establishing the National Supreme Committee of Cambodia; and establishing the UN power organs in the transitional period. The five countries agreed that the "National Supreme Committee" established in Cambodia's transitional period should include representatives of all sides in Cambodia and should not be composed of a single faction. At the same time, the five countries also agreed to set up a "UN power organ in Cambodia's transitional period," which will exercise all necessary powers authorized by the supreme committee. Although it will still take time to hold the general elections in Cambodia, the five countries also discussed this issue and agreed that the future elections should be presided over by the United Nations. These principles established through their consultation not only affirmed the sovereign state power exercised by the supreme committee of Cambodia, but also stressed the role of the United Nations. Although there was only a general outline, more

substantial progress was still made as compared with the results of the previous two rounds of talks.

Because of their different positions and interest relations, the five permanent member countries of the UN Security Council still held sharply different opinions. For example, one of the major differences was focused on the issue of how to handle the two existing governments in Cambodia. China maintained that the two existing regimes, that is, the legal government of Democratic Kampuchea and the Phnom Penh regime fostered by Vietnam, should be dissolved at the same time, and this is the precondition for holding fair and free elections. However, some countries strongly opposed this idea and held that the status quo should be maintained with the United Nations performing a function in the existing institutions. People may clearly see that a regime propped up by Vietnam will not be able to take a neutral and impartial line. Some countries previously put forward a scheme of "cutting off the head and keeping the body." That is, the central government be dissolved, and the local governments be maintained. This time, they put forward another proposal, according to which, the functions of the two governments should be suspended and neutralized, and the existing institutions be divided into three categories which will be treated in different ways. The first category includes the national defense, finance, security, and information departments, which should be controlled by the United Nations. The third category includes such departments as those that take charge of public health, education, and telecommunications, and will not affect the results of the general elections, and they should be kept intact. The departments between these two categories should be supervised by the United Nations. On this issue, the five countries adhered to their own positions and made no compromise. Another issue on which their differences were focused was the scope of powers and functions of the "UN power organ in the transitional period." One country stood for maintaining the Phnom Penh regime and opposed the replacement of the UN power organ for the two current governments; another country held that the UN power organ will just be responsible for organizing the general elections. China explicitly demanded that the UN power organ shoulder the two major responsibilities for both exercising administrative management and organizing the general elections, and replace the existing governments, thus ensuring the smooth accomplishment of transition.

In this round of talks, the five countries agreed that when the conditions are mature, further consultation will be held according to the "5+4" formula. That is, the five countries will directly discuss the solution scheme with the four parties in Cambodia. This was also a point that was welcomed, because the key to the settlement of Cambodian issue still lies in the conflicting sides in Cambodia, and external efforts can only play a promoting role.

Cambodian War Situation Viewed

HK2303093290 Beijing RENMIN RIBAO in Chinese
10 Mar 90 p 4

[Newsletter from RENMIN RIBAO reporters group: "New Situation of War Theater in Cambodia—What One Sees and Hears in Cambodia"]

[Text] A RENMIN RIBAO reporters group went to Cambodia in February of this year. They interviewed people of various social strata and from various circles and traveled across mountains and rivers in order to make an on-the-spot inspection of the battlefield. They saw many things there, and what impressed them most deeply was that there was a new development in the situation of war theater in Cambodia and the resistance forces had created a new situation there, which was the best in the past 11 years since the struggle against Vietnam began.

Great Changes

The great changes in the Cambodian war theater took place after the resistance forces seized the important western town Pailin on 22 October of last year. In the urban and rural areas of Pailin, we saw a war stricken scene: On the roadside there were destroyed Soviet tanks and ruins of enemy trucks. Some houses were damaged, and big tree trunks had been burned into charcoal. A deputy division commander of the Democratic Kampuchean National Army pointed at the front and said: In order to check the advance of the enemy's enforcement to Pailin, there had been fierce fighting on Highway No. 10. This highway had become a "grave" of the enemy.

The soldiers and civilians were greatly inspired by the capture of Pailin. At the same time, the struggles in various other battlefields were further developed. Advanced on the crest of the victory, the resistance forces then liberated Phnom Melai, captured some county towns, including Thmar Puok, Svay Chey, and Samlot, and recaptured Anlong Veng, an important town in the north. In January of this year, they wiped out the enemy in the Bianda [bian da 6708 6671] area south of the Phnom Kravanh Mountain (the car-head hill). The liberated areas in the western, northern, and northwestern parts of the country were expanding rapidly, while the guerrillas were doing better and better with each passing day in the central and eastern parts. Son Sen, commander-in-chief of the Democratic Kampuchean National Army, told us: "At present, the liberated areas in the western battlefield along the Cambodian-Thai borders were more than 160 km long from south to north and more than 100 km wide from east to west." We were also told by Prince Rannarit, commander-in-chief of the Sihanoukist National Army, that "the liberated areas are now constituting about one-fourth of the Cambodian territory. Most areas in Battambang, Odor Meanchey, Siem Reap, Kompong Thom, and Preah Vihear provinces have been liberated. The enemy can only carry out their activities in some cities and vital communication lines."

At present, the resistance forces are encircling Cambodia's second largest city Battambang. Although the puppet regime has repeatedly ordered its troops to defend the city to the last and has sent more than 7,000 reinforcing troops to the city, the enemy troops are still in a state of utter exhaustion and the city is shrouded in a panic atmosphere. The resistance forces are now advancing toward Siem Reap. The city will soon be under siege.

Communications and transportation are of vital importance to the development of the war situation. At present, the resistance forces have built some new highways in the western parts of Cambodia and more than 100 km of transportation line in the mountain areas. They have left a deep impression on us. Since the highways have just been built and the roads are rugged and rough, the jeep jumped now and then, just like a boat sailing on the sea. We could no longer see the women transportation teams, which were quite popular in the past. There was an entirely new look on the new highways. The trucks carrying soldiers and common people were bumping along the road, and we could hear the laughter from the soldiers and people, mixing with the rumble of the bulldozers. The highways were being extended.

These new roads lead to Koh Kong and Kompong Som, and some to the Tonle Sap and somewhere near Phnom Penh. They enable the resistance forces to transport manpower and materials easily to various battlefields.

The three parties of the resistance forces have also established a joint commanding organ in the northwest battlefield in order to take concerted actions against their common enemy. The three-party committee is responsible for working out fighting plans, organizing armed forces, and assigning fighting tasks so as to deal a heavy blow at the puppet army. This is a new situation appeared in the battlefield recently. Through the common efforts of the three parties, vast rural areas of Thmar Puok and Svay Chey have been liberated. Su [su 5685], vice chairman of the three-party committee north of the Stung Sisophon, pointed out that the liberation of Thmar Puok was a good example of the coordinated operation of the three sides. In the liberated area, we saw that the soldiers of the three sides, each side in its own uniform, were getting along with one another very well. They were united in order to protect their victory. In all villages, we could see the portrait of Prince Sihanouk everywhere, and in every school there was also the national flag of the nationalist government.

People accompanying us told us that the puppet troops in Phnom Penh were supervised by Vietnamese officers. From their communications we could hear the shouting of the Vietnamese officers. On 8 February, at the Mongkol Borei River, we saw how a Vietnamese soldier who had been captured was tied by a commander of the nationalist army. Here are some excerpts of the dialogue: The Cambodian commander: "Was it right to come to Cambodia?" The Vietnamese soldier: "Of course not."

Commander: "But why did you come?" Soldier: "As the higher authorities forced us to come, we had to come." Why did the puppet troops retreat in defeat again and again? Prince Rannarit said: "Since the enemy soldiers have been forced to fight for the Vietnamese authorities and the Phnom Penh regime, they do not have confidence in victory and their morale is low. This is the biggest weak point of the enemy troops."

Fight To Bring About Peace

Recently, for the sake of national independence and the existence of the nationality, the Cambodian resistance forces have launched an offensive in the battlefield.

Over the past year or so, the international community has carried out frequent activities to promote the political solution to the Cambodian issue. But there are also great difficulties. Prince Sihanouk has put forth a five-point peace proposal, which has enjoyed resolute support from the three parties of the resistance forces. But the Vietnamese authorities have stubbornly insisted on their stand of invading Cambodia. So far, there is still no substantial progress on the question of the political solution. In view of this severe situation concerning the destiny of the nation, Prince Sihanouk called on the resistance forces to make preparations with both hands, with one hand grasping the political solution and with the other grasping military struggle. Political solution should be backed by military struggle. Under the guidance of Prince Sihanouk, just as a senior commander of the resistance forces has put it, "an initial strategic turn" has appeared in the Cambodian war situation.

After Pailin was liberated, the leaders of the resistance forces once expected that Vietnam would agree with Prince Sihanouk's five-point peace proposal. But their hope soon vanished like soap bubbles. Later, although vast areas were liberated and the resistance forces were advancing toward Battambang City, Vietnam still did not change its policy of aggression. It refused to accept the political solution. Moreover, it continued to adopt all kinds of conspiratorial means against the resistance forces. Under such a situation, the resistance forces were unable to tolerate it any longer. They were forced to push forward. The leaders of the three parties had all expressed this stand when being interviewed by our reporters.

However, there are still great hardships in their struggle. The Vietnamese authorities are still stubbornly clinging to their stand of invading Cambodia and do not want to give up their interests in this country. Meanwhile, the international situation is very complicated. Nevertheless, the current situation is becoming more and more favorable for the resistance forces. Whatever happens, the Cambodian people will surely achieve the final victory in their struggle against Vietnamese aggression, and peace will surely be realized in Cambodia.

Jakarta Conference Ends in Discord

HK2603020790 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 11, 12 Mar 90 p 28

[Article by Tang Tianri (0781 1131 2480): "The Jakarta Conference Failed to Attain Its Purpose"]

[Text] The Third Jakarta Conference on the Cambodian issue, attended by representatives of 16 parties from 12 countries, closed on the morning of 1 March after a three-day meeting. The conference broke down without reaching any agreement.

To bring achieve progress in the Jakarta Conference, the parties concerned carried out frequent diplomatic activities prior to the conference. Representatives of the five permanent members of the UN Security Council first held a meeting in New York to discuss the two major issues of the means to maintain peace in Cambodia and the administrative organs during the transition period and reached a consensus on the necessary conditions for giving play to the role of the United Nations in the Cambodian issue. Then the foreign ministers of six ASEAN nations held a meeting in Kuching, Malaysia to discuss the proposal made by Australia that a provisional management organ be set up by the United Nations in Cambodia and study the principles and specific details for setting up such a management organ. Following that, Prince Sihanouk and Hun Sen held talks in Bangkok. Both sides agreed in a joint communique that a supreme national committee be set up, which will be regarded as the symbol of national sovereignty and national unity. Although superficially these diplomatic activities seem to be dynamic, they actually cannot close the rift and end the confrontation between the various parties. Prince Sihanouk told reporters that his talks with Hun Sen did not reduce their differences on the key issues. As a result, he was not optimistic about the Jakarta Conference.

The Jakarta Conference was held under these conditions of congenital deficiency. From beginning to end, the entire process of the conference was permeated with an atmosphere of grave differences and acute struggle. The differences and disputes between various parties on the role of the United Nations in settling the Cambodian issue were focused on the following key questions:

First, the necessity of first verifying the actual situation of the Vietnamese troop pullout. Vietnam and the Phnom Penh regime evaded the question of UN supervision and examination over Vietnamese troop withdrawal, but insisted that the UN organizations immediately organize and supervise the national general elections at a time when Cambodia is still under the control of Vietnam and the Phnom Penh regime. Although Vietnam declared that it had totally withdrawn all its troops from Cambodia by September of last year, the three Kampuchean resistance forces pointed out that numerous facts have proved that there are still large numbers of Vietnamese troops garrisoned in Cambodia and that Vietnam is still dispatching troops to Cambodia. For this reason, the United Nations must exercise

supervision over and verify the Vietnamese troop pullout. Khieu Samphan emphatically said: "When the withdrawal of Vietnamese troops from the organs and troops of the Phnom Penh regime at all levels is not yet confirmed, any discussion of so-called self-determination and free elections on an occupied land is nothing but deception."

Second, the necessity of disbanding the Phnom Penh regime and the Kampuchean national government at the same time. Hun Sen was against disbanding the Phnom Penh regime set up with the support of Vietnamese bayonet 11 years ago. He requested that the United Nations organize and supervise Cambodia's general elections, based on the current integrated regime. If this regime is disbanded, he said, it will throw Cambodia into "confusion." Vietnamese Foreign Affairs Minister Nguyen Co Thach urged representatives attending the conference to put aside the two questions that caused last year's Paris international conference to end in a deadlock, that is, disbanding the Phnom Penh regime, and the question of power during the transition period. He proposed maintaining both the Phnom Penh regime and the coalition government of the Kampuchean resistance forces.

In their speeches, the leaders of the three Kampuchean resistance forces, Son Sann, Khieu Samphan, and Rararidah, stressed the necessity of disbanding the illegal Phnom Penh regime and the legal Kampuchean national regime at the same time. Only by doing this will it be possible to ensure the genuine role of the United Nations in exercising supervision over and verifying the Vietnamese troop withdrawal, exercising supervision over the ceasefire and suspending all foreign military aid, and organizing free and fair elections in Cambodia.

Third, the necessity of setting up a four-party provisional coalition government in Cambodia. Vietnam and the Phnom Penh regime were against setting up a quadripartite provisional coalition government and insisted on forming a supreme national committee under Hun Sen and Sihanouk instead. Hun Sen said that the key to political settlement of the Cambodian issue lies in "elections" rather than the establishment of a provisional coalition government. The three Kampuchean resistance forces insisted on the five-point peaceful scheme proposed by Prince Sihanouk, the total withdrawal of Vietnamese troops under UN supervision, and the establishment of a four-party provisional coalition government to realize national reconciliation. Khieu Samphan emphatically pointed out that a four-party provisional coalition government should be set up first and concerted efforts made with the United Nations to supervise and control the peace progress in Cambodia.

Fourth, the establishment of a supreme Cambodian national committee and distribution of its personnel. While setting up a supreme Cambodian national committee, Vietnam and the Phnom Penh regime insisted that the Phnom Penh regime should be maintained and allowed to perform its functions together with the UN administrative organs. Hun Sen proposed that members of the

committee be shared by the existing two governments, that is, each accounting for 50 percent. However, the three Kampuchean resistance forces insisted on setting up a supreme Cambodian national committee, on the premise of disbanding the two existing governments at the same time. The members of the supreme committee should be equally represented by the four political forces.

The current Jakarta Conference failed to attain its purposes, and it is unlikely that the Paris international conference on the Cambodian issue will be resumed very soon. All this is due to the stubborn stand of Vietnam and the Phnom Penh regime backed by Vietnam.

Near East & South Asia

Trade Union Delegation Visits Egypt

OW2903023690 Beijing XINHUA in English
0030 GMT 29 Mar 90

[Text] Cairo, March 28 (XINHUA) — Minister of Manpower and Training 'Asim 'Abd-al-Haq Salih said today relations between trade unions in Egypt and China are good and that he hoped these relations would further develop.

Salih made the remarks here when meeting with a Chinese trade union delegation headed by Chen Bingquan, deputy president of the All-China Federation of Trade Unions, a delegation member said.

The Egyptian minister told the Chinese guests about the life and work of Egyptian workers, labor safety and welfare, as well as Egyptian laborers working abroad.

Present at the meeting was Zhan Shiliang, Chinese ambassador to Cairo.

On Tuesday evening, Ahmad al-Amawi, president of Egypt's trade Union Federation, gave a dinner in honor of the Chinese guests and had talks with them.

Al-Amawi expressed appreciation for the profound friendship between trade unions of the two countries and expressed the hope that cooperation between them would be promoted in all fields.

Trade unions in Third World countries should strengthen unity and cooperation to confront challenges of the changes currently taking place in the world, he noted.

Chen briefed the Egyptian host on the present situation of China's trade unions and said he hoped the current visit would promote the ties between the trade unions of the two countries.

The two sides exchanged views on the work of trade unions worldwide.

Earlier this week, the Chinese guests went sightseeing in the Mediterranean port of Alexandria where they visited the Greco-Roman Museum and a spinning and weaving company.

The Chinese delegation arrived here last Saturday from Libya, the second leg of its four-nation Middle East tour which will also take it to Syria. It had talks with Jordanian union leaders during a stopover in Amman on its way from Baghdad to Tripoli.

It leaves for Damascus Thursday for talks with leaders of Syria's trade unions and the International Confederation of Arab Trade Unions.

Commentaries View Israeli Government Problems

Reasons for Collapse

HK2903045190 Beijing RENMIN RIBAO in Chinese
17 Mar 90 p 4

["Commentary" by Zhu Mengkui (2612 1125 7608):
"Why Israeli National Unity Government Collapsed"]

[Text] After several days of incessant internal conflicts and fierce disputes, the Israeli national unity government announced its collapse on 13 March. After all ministers of the Israel Labor Party resigned, a bill of non-confidence in the government was passed at the Israeli Knesset on 15 March. It is said that this is the first time in the history of Israel. According to reports, the Israel Labor Party is striving to seek support of other minor parties to reorganize a cabinet. The intensified internal conflicts and political turmoils in Israel will certainly have an important impact on the progress of peace talks in the Middle East.

At the end of 1988, the Likud bloc, the Labor alignment, and other minor religious parties once more jointly formed a cabinet. However, because of political differences and scrambling for power between the two sides, the second Israeli coalition government was also a regime which was seemingly in harmony but actually at variance. As far as the Middle East peace talks are concerned, the Likud bloc led by Shamir refuses to hold talks with the Palestine Liberation Organization (PLO) and is opposed to the convening of an international conference on peace in the Middle East. It advocates permanent occupation of the West Bank of the Jordan and the Gaza Strip and the expansion of Jewish settlements in this region. The Labor alignment headed by Peres, however, has agreed to the principle of "swapping land for peace" in settling disputes between the Arab countries and Israel. Besides, each side wants to abandon the other to form its own cabinet when the time comes.

The direct cause to the current collapse of the coalition government is that the Likud bloc and the Labor alignment have adopted a different attitude toward a dialogue between Palestine and Israel. Everyone knows that the core of the Middle East peace talks is to resolve the Palestine issue. The key to a fair solution to the Palestine issue lies in how to determine the future status of the occupied land, and such a status must be determined through an Israeli-Palestinian dialogue. Therefore, to bring about a Palestinian-Israeli dialogue is the most important step to promote the progress of peace in the

Middle East. However, regarding various proposals and plans to help bring about a Palestinian-Israeli dialogue and then peace in the Middle East, the Likud bloc headed by Shamir has adopted a hard-line attitude and has insisted on refusing to give the PLO the right of representation in the Middle East peace talks and Palestine, the right of national self-determination. With the continued initiative moves made by the Arab side and the sustained and mounting demand of the international community urging Israel to change its stand, internal changes have also occurred in Israel. Peres, leader of the Labor Party, has stressed that "Israel must face reality" and is in favor of a Palestinian-Israeli dialogue. Nevertheless, the two sides share the stand of not recognizing the PLO as the solely legitimate representative of the Palestinian people, not recognizing the right to self-determination of the Palestinian people, and not allowing the establishment of the country of Palestine.

Under internal and external pressure, the Israeli authorities have been compelled to relax their original rigid position. During his visit to the United States last April, Shamir dished up a plan for holding election in the occupied land in an attempt to attain his goal of continued control over the occupied land by giving the Palestinian people limited autonomy. Later, the left-wing forces of the Likud bloc raised obstacles and demanded to add more conditions to Shamir's proposal, which had already been approved by the cabinet. This was reproached by the PLO and Egypt and also caused dissatisfaction inside the Labor Party. Peres and others complained that "it is impossible to cooperate with the Likud bloc" and threatened to withdraw from the coalition government.

After Shamir put forth his plan, Egypt and PLO also made proposals and put forward principles on holding election in the occupied land and a Palestinian-Israeli dialogue. In view of different positions of various sides, U.S. Secretary of State Baker put forth a compromise proposal on an Palestinian-Israeli dialogue last October. Although Israel's interests were given full consideration in Baker's proposal, Shamir and others insisted that the list of candidates for the Palestinian delegation had to obtain the approval of Israel and that no Palestinian residents in east Jerusalem and no Palestinians driven out by Israel should become representatives to the dialogue. The Likud bloc's efforts to prevent a Palestinian-Israeli dialogue have increasingly intensified the internal contradictions of the Israeli ruling group. The Labor Party threatened to withdraw from the coalition government if Shamir did not accept Baker's plan before 11 March.

The collapse of the Israeli national unity government shows that Israel's obstinate policy of obstructing the progress of peace in the Middle East has gone bankrupt. In future, no matter what changes may take place in the political situation in Israel, Tel Aviv will only become more isolated and will be in a more passive position in the process of the Middle East peace talks if it does not change its ways in good time.

Crisis in Cabinet

HK2903085390 Beijing RENMIN RIBAO in Chinese
20 Mar 90 p 4

[Commentary by staff reporter Zhang Cixin (1728 0796 2500): "The Israeli Cabinet Crisis and the Fate of the Baker Plan"]

[Text] Washington, 17 Mar (RENMIN RIBAO)—On 15 March, after a 10-hour heated argument in the Knesset, a no-confidence motion against the Shamir Cabinet was adopted by a majority of 60 votes to 55 votes. This vote in the Knesset led to the cabinet falling from power, which was rarely seen in the history of Israel. American newspapers pointed out that the significance of this vote lay in the fact that it was related to whether or not Israel would agree on holding Israel-Palestine talks to push forward the progress in Middle East peace. Therefore, the significance cannot be minimized. After this trial of strength in the political circles of Israel, people are now paying attention to which political party will form a cabinet, whether or not an early general election will be held because a cabinet cannot be formed, and whether or not the fate of the Baker plan, which seeks to bring about Israel-Palestine talks as its main content, will take a favorable turn in the future with a change in the Israeli political situation.

Over the past year, the Bush administration has all along hoped that it could do something in the Middle East region to mitigate the contradictions between Arab countries and Israel and stabilize the Middle East situation according to its plan. So far, it has been unable to achieve what it wishes. One of the important obstacles comes from the side of Israel, an ally of the United States. At present, it is the method of the United States first to help bring about talks between Israel and Palestine, to carry out the "election plan" put forward by Shamir in April last year (that is, the Palestinians in the West Bank and Gaza Strip hold an election to elect their representatives to hold talks with Israel so as to exercise limited autonomy), and to put off the final solution of the Middle East problem. In view of this, the United States has made repeated concessions to Israel, and in October last year put forward a peace proposal called the "Baker plan" with specific suggestions on how to achieve a dialogue between Palestine and Israel. This plan has been revised several times from the time when it was put forward up to the present. Not until the beginning of this year was a compromise proposal reached that was acceptable to all parties concerned at different degrees, on the most contentious question concerning the organization of a Palestinian delegation. That is, the Palestinian delegation participating in the talks comprises at least one person who was expelled from the West Bank by Israel and a Palestinian resident of East Jerusalem who is in the West Bank and has residence, in addition to the persons selected in the West Bank and Gaza Strip. Regarding the agenda of the talks, the United States suggested that the dialogue between Palestine and Israel should mainly deal with the question of elections but the Palestinian side

should be allowed to put forward its views on and plan for the proposal on the final solution of the Middle East problem. Very obviously, the Baker plan is a product of compromise made by all parties concerned but the attitude of Likud toward this plan is still very rigid, giving rise to a heated argument between two large political parties of the Israeli Cabinet.

Over the past month, the Israel Labor Party has constantly urged Prime Minister Shamir's bloc to immediately make known its position on whether or not it agrees with the decision on the U.S. proposal for dialogue between Palestine and Israel. If it does not agree, the Labor Party will withdraw from the cabinet. Kept in check by Likud, Shamir himself dared not openly refuse Baker's new plan, but he proposed many conditions for the talks. He proposed to the Labor Party that before the Baker plan was agreed upon, the Labor Party and Likud should make a few simple rules to be observed by all concerned that it must be guaranteed that the Palestinian Liberation Organization [PLO] should not play a part in the talks between Israel and Palestine and that the talks should not imperil Israel's demand on its sovereignty over East Jerusalem or allow the Palestinians of East Jerusalem to take part in election; otherwise, Israel could withdraw from the talks at any time. Shamir's demand is unacceptable to the Labor Party. Although the Labor Party does not agree with the PLO's participation in the talks, it accepts that the PLO can play an indirect part. Although it agrees with Israeli annexation of East Jerusalem, it approves of East Jerusalem Palestinians' participation in the talks. It is because the two parties fail to narrow their differences over the issue of the talks between Israel and Palestine that this Israeli Cabinet crisis has finally broken out.

At the same time, the conflicts between the United States and Shamir Cabinet are on the increase. The United States originally thought that after it supported the "election plan" put forward by Shamir, it could push Middle East peace forward and temporarily mitigate the contradictions between the Arab countries and Israel. It did not know that the purpose of the "election plan" put forward by Shamir last year was to cope with the pressure at home and abroad and not really to resolve the conflict between the Arab countries and Israel and not to push Middle East peace forward. The facts in the past year show that despite the unremitting efforts of all parties concerned, Shamir and Likud have created difficulties, delaying the talks between Israel and Palestine and landing the Middle East peace in an impasse. The United States and Israel have not gotten along well recently because of Israel's construction of a new residents' center in the occupied territory. So the U.S. authorities are more dissatisfied with Shamir.

The Shamir cabinet falling from power is an important event in the current Israeli political situation and shows the stand of Likud that it persists in not holding talks or in delaying talks. The ruling group in Israel also goes against the will of the people. As the interests among the large and small political parties of Israel are intricate, not

only the present cabinet crisis will continue for a time but also the direction in which it will finally be resolved is not very obvious. What difficulties the Baker plan will face in Israel and its fate is can hardly be predicted even by the U.S. Government and research organs.

Sub-Saharan Africa

Vice Premier Wu Xueqian Visits Nigeria

Meets President Ibrahim Babangida

OW2803204390 Beijing XINHUA in English
1850 GMT 28 Mar 90

[By Xiao Qingmin]

[Text] Lagos, March 28 (XINHUA)—Nigeria and China share the view that they should enhance bilateral cooperation in agriculture, small-scale industry and other fields.

At a meeting with Chinese Vice-Premier Wu Xueqian here today, Nigerian President Ibrahim Babangida expressed the hope that economic cooperation between the two countries will further develop.

He said that Wu's visit to Nigeria shows that relations between Nigeria and China are cordial and friendly.

He also praised China for its support to the African liberation struggle.

During the meeting, the Chinese vice-premier said that the Chinese Government pays great attention to relations with Nigeria.

Stressing the importance of South-South cooperation under the present situation, Wu said that China will strengthen co-operation with Nigeria in political, economic, cultural and other fields.

Wu also delivered a letter from Chinese President Yang Shangkun to the Nigerian president.

The two sides also exchanged views on the situation in southern Africa.

Before arriving here Monday, Mr. Wu attended Namibia's independence celebrations in Windhoek and visited Gabon.

Signs Culture, Education Agreement

OW2803204790 Beijing XINHUA in English
1852 GMT 28 Mar 90

[By Xiao Qingmin]

[Text] Lagos, March 28 (XINHUA)—China and Nigeria will develop their cooperation in the culture, education, science and health care fields under an agreement signed by visiting Chinese Vice-Premier Wu Xueqian and Nigerian Minister of Culture and Social Welfare Alhaji Mamman Anka here today.

According to the agreement, the two countries will also increase visits between actors, musicians, athletes, journalists, university teachers and other experts.

CPC Delegation Ends Ivory Coast Visit

OW2903023990 Beijing XINHUA in English
0050 GMT 27 Mar 90

[Text] Abidjan, March 26 (XINHUA)—A delegation of the Communist Party of China (CPC) ended its four-day visit to Cote d'Ivoire today and leaves here tonight for Mali.

The delegation, led by the CPC's head of International Liaison Department Zhu Liang, arrived here on March 23 for a friendly visit at the invitation of the ruling Democratic Party of Cote d'Ivoire (DPCI).

The Chinese guests were received on the day of their arrival by Ivorian National Assembly President Henri Konan Bedie, who described the relations between the two parties and two countries as excellent.

Cote d'Ivoire and China have been developing wide-ranging cooperation in the fields of commerce, trade and culture, said Mr. Bedie.

In reply, Zhu Liang said that the Chinese Communist Party is willing to further develop the friendly relations between the two parties on the basis of the four cardinal principles—independence, equality, mutual respect and non-interference in each other's internal affairs.

The Chinese party officials earlier held talks with some executive members of the DPCT's Political Bureau. They also met with Acting Minister of Foreign Affairs and Minister of Defense Jean Konan Banny and Minister of Internal Affairs Leon Konan Koffi.

China and Cote d'Ivoire established diplomatic relations in 1983. Two years later, the two ruling parties knitted ties.

West Europe

French Bank, Bank of China Reach Loan Agreement

OW2803214590 Beijing XINHUA in English
1627 GMT 28 Mar 90

[Text] Paris, March 28 (XINHUA)—It is learned today that the French European Union Bank and the Bank of China reached a 55 million French francs (about 9.57 million U.S. dollars) bank loan agreement for export to China 10 days ago.

The Asian Branch of the European Union Bank Director Liu Kening said this is the first buyer's credit of non-governmental loans to be agreed upon following the French Government's decision to resume export credit to China last February.

Liu said the loans will be used to support two contracts between a French chemical-industrial technological company and China's Liaoning Province.

The European Union Bank, one of France's major investment banks, occupies one third of total loans offered to China.

Trade With France Increases 30 Percent in 1989

*OW2903092590 Beijing Domestic Service in Mandarin
1030 GMT 28 Mar 90*

[From the "National Hookup" program]

[Text] Liu Xianming, Chinese commercial counselor with the rank of a minister to France, said in Lyon yesterday that, although Sino-French economic and trade relations encountered unprecedented problems owing to France's economic sanctions against China, the two countries' trade volume in 1989 still increased 30 percent over that of 1988, setting a record high.

Liu urged French enterprises to consider their long-range interests, take into account the huge market of 1.1 billion people and future development of the economic zone in the Pacific rim, and invest actively in China.

Overseas Chinese Association Set Up in Portugal

*OW2903051990 Beijing XINHUA in English
0230 GMT 29 Mar 90*

[Text] Lisbon, March 28 (XINHUA)—The Association of Overseas Chinese and Portuguese Chinese in Portugal was established here today.

At its first congress, 30 representatives from the whole country adopted a constitution of the association and elected its leadership.

The association is registered with and approved by the Portuguese authorities.

It is estimated that there are thousands Overseas Chinese and Portuguese Chinese living here.

Political & Social

Coverage Continues on Seventh NPC Session

Deputies on Textile Industry

OW2903023590 Beijing XINHUA Domestic Service
in Chinese 1345 GMT 25 Mar 90

[By RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and XINHUA reporter Li Anding (2621 1344 1353)]

[Excerpts] Beijing, 25 March (XINHUA)—Today is Sunday and the Third Session of Seventh National People's Congress is in recess. Deputies from the textile sector attending the NPC session were invited to the Ministry of Textile Industry for a discussion.

Minister Wu Wenyong briefed the deputies on the development of the textile industry during the past year and the tasks laid down for this year, and sincerely solicited the deputies' views and suggestions.

This year has been named the "Variety and Quality Year" by the Ministry of Textile Industry, and they began their conversation from here.

Deputy Mei Shouchun from Shanghai said: The sluggish market has been the main topic of discussion by deputies. I believe that the sluggish market is also another force which will compel us to improve the quality of our products. The crux lies in whether we can seize the opportunity. Because the problem of raw materials shortage cannot be solved for sometimes to come, the textile industry must no longer rely on the old practice of increasing production capacity to seek growth. It must restructure itself, upgrade technology, and put more efforts into improving the quality and increasing the variety of their products. [passage omitted]

The textile industry has been facing great difficulties this year. Deputy Zheng Fusheng from Huzhou said: Premier Li Peng's work report has been pragmatic, and has proposed parallel measures to solve problems confronting enterprises. The key lies in implementing them. In addition to good policies and measures, we must also implement them to the letter.

Just as last year, the deputies spoke frankly about their problems. The only difference is that they have an added sense of responsibility to maintain stability. During January and February this year, the profits of the Shanghai textile sector dropped sharply because of the rising cost of raw materials and a sluggish market. To tackle the problem, the Shanghai Textile Industry Bureau organized a emulation drive to boost morale and to reverse the situation. At the discussion, the words of Mei Shouchun reflected the voice of many deputies: There is nothing to fear about serious problems because the key lies in unity. With one heart and one mind, we shall be able to overcome any difficulties!"

Shandong Deputy on Work Report

SK2803123890 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 26 Mar 90

[Text] On the afternoon of 26 March, while speaking at the Shandong delegation's group discussion meeting on the government work report, Jiang Chunyun, deputy to the National People's Congress and secretary of the Shandong Provincial CPC Committee, pointed out: Just like we did last year in combating droughts to strive for a bumper agricultural harvest, we should mobilize all the people in the province to concentrate in fighting the general war of industry with a view to making enterprises extricate themselves from the low ebb and difficult position and embark on a new stage and a new level as quickly as possible.

Jiang Chunyun said: The theme of Premier Li Peng's government work report is stability and development. Stability and development form a dialectical unity. Without stability, there would be no development; and development constitutes the foundation of stability. At the moment, the economic situation on the whole is good; agriculture has been strengthened by a good development trend. Our prominent problems lie in the grave difficulties facing industry, the drop in the growth rate and in efficiency, the uneven circulation of goods, the market's sluggishness, and the difficult position of enterprises.

On how to extricate industrial production from a difficult position as quickly as possible, Deputy Jiang Chunyun talked about some specific opinions in line with the practical experience gained from his investigations and studies conducted a few days ago among 14 enterprises in Jinan.

First, we must have a good state of mind. In the face of difficulties, there are possibilities for two kinds of mental states. One is to advance despite difficulties, find out problems in an early manner, adopt measures to solve problems, and make explorations positively so as to gain the initiative. The other is to be afraid of difficulty; to feel discouraged in the face of difficulties; to wait for, depend on, and ask for subsidies from the state; and to put oneself in a passive position. What has happened in the past shows that, to avoid a decline in production we must guard against the decline in ideology, and to avoid market sluggishness we must guard against sluggishness in spirit. At present, the fund problem lies in market; the market problem lies in quality; the quality problem lies in ideology; and the ideological problem lies in leadership. So long as leaders have a good state of mind and adopt effective measures, it will be possible for us to extricate industrial production from the difficult position and make sustained growth in industry.

Second, we should concentrate our efforts on marketing in order to solve the problem of market sluggishness. At present, there are many reasons for market sluggishness. Major reasons include: Some products are of poor quality, expensive, and so are unsalable; the turnover of

funds is slow; the circulation of goods is uneven; and some people have the psychology of preferring expensive goods to cheap ones. To reverse market sluggishness we must go through the barrier of marketing. This particularly necessitates the concerted efforts of enterprises; commercial, supply, and marketing units; and banks. Enterprises should pay attention to not only production but also marketing. Commercial, supply, and marketing units should fully exploit their role as the main channel of marketing and the reservoir for commodities. Banks should give full play to their role as an economic lever in enlivening the floating funds of enterprises. So long as these three groups cooperate with one another, the market sluggishness will take a favorable turn.

Third, we should change pressure to incentives, by taking advantage of the opportunity provided by the change in the market to rapidly readjust structure and improve the grade and level of products. Through the economic rectification drive, all enterprises should strive to achieve some results and embark on a new level in readjusting the mix of products, improving management, making technological progress, and improving the quality of products and economic efficiency. The reason why the Qingdao Refrigerator Plant and the Jinan No. 1 Machine Tool Plant can edge their way into the world market and can enjoy brisk production and marketing lies in their adherence to high standards and strict demands as well as to their constant efforts to improve the quality of their products. Their experience merits our emulation.

Fourth, to extricate industrial production from a difficult position, the basic way out is to deepen reform and open to the outside world. Although our province has scored great achievements in carrying out reform and opening to the outside world, we still have a long way to go when compared with the demands of the currently developing situation. From now on, we should carry out reform and open ourselves to the outside world in an even more stable, better, and faster manner. Through deepening the reform and opening still wider to the outside world, we should more vigorously arouse the initiative and creativity of enterprises and their workers and staff members. Those measures adopted since reform and opening-up should be stabilized in order to maintain the continuity of policies.

Fifth, we should give positive guidance to consumption. At present, the masses are reluctant to buy commodities, although they have money in their hands. Hence, we should give wide publicity to state policies through various forms, and guide the masses to spend their money in a correct manner in order to invigorate the market and effect a benign cycle of production, exchange, and consumption.

Deputy Jiang Chunyun said: To realize stability and development, the most important thing is to establish a flesh-and-blood relationship between the party and the masses. So long as we carry forward the fine tradition of maintaining close ties with the masses and maintain the

fish-and-water relationship between the party and the masses, we will certainly be able to overcome all difficulties and ensure political stability and sustained economic development.

Heilongjiang Deputy Interviewed

OW2803234790 Beijing XINHUA Domestic Service
in Chinese 1510 GMT 26 Mar 90

[By XINHUA reporter Wan Muchun (8001 2606 2504)]

[Text] Beijing, 26 Mar (XINHUA)—During the period of the Third Session of the Seventh National People's Congress [NPC], Shao Qihui, NPC deputy and governor of Heilongjiang Province, granted an interview to this reporter. While touching on the question of highly praised leading cadres "having the final say then and there" at grassroots units, he spoke an important truth: On some matters of vital importance, I dare not "have the final say then and there."

At first hearing, it sounded out of place. Why would Shao Qihui say this at a time when cadres are called on to solve practical questions at grassroots units?

Shao Qihui has been provincial governor for more than a year. He has often traveled down to grassroots units and is noted for his resoluteness in making decisions. However, as the head of a province, he is also soberly aware that facing complicated and continuously changing socio-economic issues, he must conduct thorough investigation and study and pool the wisdom of all departments before making a correct policy decision. Of course, he will still have the final say then and there on questions he must solve then and there. However, to blindly make decisions will simply mean more haste and less speed.

It should be pointed out that this is not merely a matter of work method. Behind it are the scientific method of thinking and the workstyle which respects the actual situation.

Making policy decisions is a complicated systems engineering. It needs a thoroughgoing and painstaking understanding of all situations concerning the policy decision. It needs the analysis and judgment of the status quo. It also needs an all-round evaluation of all choices and the prognosis for all possible consequences after the policy decision is made. Obviously, by relying only on one person's ability and on a short period of time, it is very hard to guarantee that a decision is correct and that it has been made in a scientific way.

Of course, there are all kinds of work in the practical world. On some questions concerning concrete work, which show no room for doubt and which follow rules and questions already closely studied and proved, we may and should "have the final say then and there." Leading cadres should adopt a scientific attitude of seeking truth from facts to handle practical questions. They should use the dialectical method of thinking to

analyze practical questions. Concrete questions should be handled in a specific way.

Over a period of time, when making policy decisions, some leading cadres have failed to solve the question of methods of thinking and scientific attitude well. They have often ignored the actual situation, rushed like a swarm of bees, and demanded uniformity in everything. Whenever raising work efficiency was emphasized, they would ignore the scientific feasibility of the policy decision. Whenever the scientific nature of the policy decision was stressed, they would be dilatory in doing things and vacillate this way and that, thus causing China's construction very great losses. As far as these leading cadres are concerned, Shao Qihui's matter-of-fact attitude and dialectical thinking should usefully enlighten them.

Jiang, Li Attend Tea Party

OW2903015390 Beijing XINHUA Domestic Service in Chinese 1400 GMT 27 Mar 90

[By reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 27 Mar (XINHUA)—The United Front Work Department of the CPC Central Committee, the Nationalities Committee of the National People's Congress [NPC], the State Nationalities Affairs Commission, and the Nationalities Committee of the Chinese People's Political Consultative Conference [CPPCC] jointly held a tea party at the Great Hall of the People this evening to entertain deputies of minority nationalities attending the Third Session of the Seventh NPC and members of minority nationalities of the Seventh National CPPCC Committee attending the third session of the committee.

The tea party was filled with a jubilant atmosphere of nationalities unity. Jiang Zemin, Li Peng, and Wan Li were among those attending the tea party. They exchanged greetings with the deputies and members of minority nationalities.

Ngapoi Ngawang Jigme, vice chairman of the NPC Standing Committee, presided over the party.

Yang Jingren, vice chairman of the National Committee of the CPPCC, spoke. He said: The past year was an extremely extraordinary year. Our People's Republic and the people of all nationalities withstood a severe test. Under the leadership of the Chinese Communist Party, the people of all nationalities of China continued to march forward along the road of common prosperity. Minority nationality areas overcame various difficulties, and made new achievements in the economic, educational, cultural, scientific, and technical fields.

Yang Jingren said: These achievements convincingly indicate that the cohesive force among the people of all nationalities of China, formed over the long course of history, is tremendously strong; that the faith of the people of all nationalities of China in supporting the Chinese Communist Party and taking the socialist road is tremendously firm; that the nationalities policy adopted by the Party and the government are absolutely

correct; and that China's way of solving nationality problems by integrating Marxism with the actual situation in China is extremely extensive in scope.

Also attending the tea party were Liu Lantao, Xi Zhongxun, Peng Chong, Seypidin Aze, Liao Hansheng, Fei Xiaotong, Wang Hanbin, Wang Renzhong, Pagbalha Geleg Namgyai, Wang Enmao, and Ismail Amat.

Literary and art workers of Beijing staged performances at the tea party.

Third Plenary Meeting Held

OW2803183790 Beijing Domestic Service in Mandarin 1030 GMT 28 Mar 90

[From the "National Hookup" program]

[Text] The Third Session of the Seventh National People's Congress [NPC] held its third plenary meeting this morning in the Great Hall of the People. The meeting heard the explanation made by Ji Pengfei, chairman of the committee for drafting the Basic Law of the Hong Kong Special Administrative Region [SAR], on the draft Basic Law; the explanation made by Zheng Tuobin, minister of foreign economic relations and trade, on the draft amendment to the law governing Chinese-foreign joint ventures; and the report on the work of the NPC Standing Committee made by Peng Chong, vice chairman and concurrently secretary general of the NPC Standing Committee. The plenary meeting was chaired by Fei Xiaotong, executive chairman of the NPC session and permanent chairman of its Presidium.

Ji Pengfei said: Looking back on the work of the Basic Law drafting committee in the more than 4 years since its inception, it should be said that this legal document has been drafted in a very democratic and very open manner. No article was drafted without first carrying out investigation, study, and full discussions. It was done in such a way in which the opinions of the majority prevailed but the opinions of the minority were also respected. Touching on the guiding principle for the drafting of the Basic Law, Ji Pengfei said: One country, two systems is the basic policy of the state laid down by the Chinese Government for the purpose of realizing the reunification of the motherland. On the basis of this basic policy of the state, the Chinese Government has formulated a series of principles and policies on Hong Kong. The main points include the following: Before China resumes exercising its sovereignty over Hong Kong, an SAR will be established there which will be under the direct jurisdiction of the Central People's Government; aside from national defense and foreign affairs—which will be the responsibility of the central government—the Hong Kong SAR will exercise a high degree of self-government; no socialist system or policy will be enforced in the Hong Kong SAR and the original capitalist society, economic system, and lifestyle there will remain unchanged and the original laws will also remain unchanged in the main; Hong Kong's position as an international financial center and free port will be

maintained; the economic interests of the United Kingdom and other countries in Hong Kong will be protected; and the state's various principles and policies on Hong Kong will remain unchanged for 50 years.

In his explanation made on behalf of the State Council, Minister Zheng Tuobin said: The PRC law on Chinese-foreign joint ventures has been in effect for 10 years now since promulgation. This law has given great impetus to the implementation of China's open policy and utilization of foreign capital. Its basic principles have been in practice to this date. He said: As China has made further progress in implementing its policy of opening to the outside world and in utilizing foreign capital, some of the provisions in this law need to be revised. He explained the specific revisions of five of the articles in the law. Zheng Tuobin said: After the amendments are made, this law is expected to better embody China's policy of opening further to the outside world and help encourage foreign businesses to invest in China, thereby promoting China's economic development.

At the request of the NPC Standing Committee, Vice Chairmen Peng Chong delivered its work report. He said: The NPC Standing Committee made new headway in all fields in 1989, especially in the following five areas: First, it firmly supported the decision to stop the upheaval and suppress the counterrevolutionary rebellion, thus safeguarding the dignity of the constitution and the stability of the country. Second, it intensified legislation and its supervision over (enforcement of) law, thus expediting the construction of the socialist legal system. Third, it improved and strengthened its supervision over economic retrenchment, reform, and the work to promote administrative honesty, thus accelerating the process of these endeavors. Fourth, it strengthened its guidance over the reelection of deputies to county and township people's congresses so that the reelection could be accomplished lawfully. Fifth, it seriously handled the motions and suggestions submitted by deputies and listened to the people's views and requests.

Peng Chong said in the report: From now on the NPC Standing Committee will strive to accomplish the following projects:

Under the guidance of the CPC's basic line, it will earnestly fulfill its constitutional responsibilities, intensify the construction of socialist democracy and legal system, and do a better job in making laws and providing supervision. It will also firmly uphold the principles for democratic centralism, make decisions strictly according to legal procedures, forge closer ties with NPC deputies and the people, and accept their supervision.

Other executive chairmen of the plenary meeting who sat on the front row of the rostrum were Zhu Xuefan, Ni Zhifu, Wang Hanbin, Ma Man Kei, Wang Guangzhong, Liu Fusheng, Xu Qin, Li Jipu, Wu Zhen, Amudun Niyaz, Lin Liyun, Han Peixin, and Henry Fok.

Qian Qichen Press Conference

OW2803100690 Beijing Television Service
in Mandarin 0655 GMT 28 Mar 90

[Press conference chaired by Yao Guang, spokesman for the Third Session of the Seventh National People's Congress, at the Great Hall of the People in Beijing; PRC Foreign Minister Qian Qichen answers Chinese and foreign reporters questions; passage-by-passage English translation provided by unidentified female who also translates reporters questions into Mandarin—live]

[Text] [Video begins with wide shots of packed conference hall with foreign and Chinese newsmen taking up positions; video cuts to announcer introducing the press conference; Yao Guang, Qian Qichen, and several other officials are seated at a long table facing rows of newsmen]

[Announcer] This is the Central Television Station. Dear viewers, how are you? Yao Guang, spokesman for the Third Session of the Seventh National People's Congress, will hold a press conference at 1500 today, and Foreign Minister Qian Qichen has been invited to the conference to answer Chinese and foreign reporters' questions. We are now broadcasting live the press conference in the main hall on the third floor of the Great Hall of the People. [announcer's introduction over-shadows Yao Guang's introductory remarks]

[Yao] I would now like to ask Foreign Minister Qian to speak. Thank you.

[Translator in English] Ladies and gentlemen, good afternoon. Today I have the pleasure to have invited Foreign Minister Qian Qichen to be with us. We will take your questions on China's views regarding the international situation and questions related to Chinese foreign policy. Now, Foreign Minister Qian Qichen. Thank you.

[Qian] It is a pleasure for me to meet you here. On the international situation and China's foreign policy, the premier has made a comprehensive exposition in his report on the work of the government. But if you have questions, I will be happy to answer them.

[Yao Guang] We will now take questions. Since there are so many reporters here, each one is limited to one question. Please keep your question as brief as possible and identify yourself and your news agency.

[Male Caucasian reporter asking question in Mandarin] I am a reporter for TASS of the Soviet Union. Premier Li Peng will visit the Soviet Union this year. What is the purpose of his visit? When will he make the trip? What agreement does the Chinese side expect him to reach with the Soviet Union during the visit? What are the prospects for Sino-Soviet relations?

[Qian] During his visit to China last May, General Secretary Gorbachev extended his invitation to Chinese leaders. Premier Li Peng is to pay a return visit to the Soviet Union at his invitation. The visit will take place

in late April. The detailed itinerary is being coordinated between the two sides. We hope that his visit will further promote the already normalized bilateral relations, and that the two sides will reach some agreements on economic cooperation, reduction of border troops, and cooperation in other fields. I believe that the prospects for Sino-Soviet relations are good.

[Reporter] I am a reporter from the SOUTH CHINA MORNING POST. Mr. Foreign Minister: Exactly a year ago, at a press conference here, you said that the question of granting British passports to people in Hong Kong was a matter for the British side to consider. Now you are telling us that China will not recognize the passports issued to the people in Hong Kong by Britain. What brings about this change?

[Qian] In the annex of the Joint Declaration between China and the United Kingdom, it has been provided in explicit terms that all the Chinese compatriots in Hong Kong, whether or not they hold passports of British dependent territories, are regarded as Chinese citizens, and according to the PRC nationalities law, all Chinese citizens residing in China who want to apply for foreign nationality have to be approved and have to renounce their Chinese nationality before acquiring the foreign nationality. Prior to that they cannot enjoy British consul protection in the Hong Kong Special Administrative Region. This is only natural.

[Reporter] I am from the CHINA DAILY. I would like to follow up with the question concerning the Soviet Union. Since the normalization of Sino-Soviet relations in May of last year, the discussions between the expert groups in foreign and military affairs of the two countries have been continuing. I would like to ask Minister Qian: Is there any change in the situation along the Sino-Soviet border, and what kind of impact would these changes have in Asia and with regard to the global strategic situation? Thank you.

[Qian] After the normalization of relations between China and the Soviet Union, the two sides have continued with discussions and negotiations on the reduction of the military presence along the border and tried to work out measures to build confidence. The current negotiations are focused on how to cut the military presence along the border region to the lowest level commensurate with the current normal relations between the two countries, and will focus on some basic principles regarding these matters. At the moment, the situation along the border is stable.

[Reporter] I am from the Central Broadcasting Station. The black leader Mandela has been released, and the last colony in Africa, Namibia, has won independence. My question is whether China is going to make any adjustments in its policy toward South Africa. Is China going to ease its relations with South Africa? Thank you.

[Qian] We welcome the measures taken by the South African authorities, including releasing Nelson Mandela and their proposal to have dialogue with the African

National Congress [ANC] and the Pan-Africanist Congress [PAC], as well as the measures the South African authorities have taken to allow these organizations to operate openly. But these measures are far from sufficient because the South African authorities have not, essentially, given up the apartheid system. Under the current situation, it is not possible for China to have relations with South Africa in all fields.

[Reporter] I am from the Central Television Station. My question is: Many people in the world believe that the focus of world disarmament at this stage is in Europe, but we Chinese in Asia have the same concerns about our own security. I would like to ask Foreign Minister Qian, what is the opinion of our government on disarmament in the Asia-Pacific region?

[Qian] It is understandable, of course, that the focus of the current disarmament is in Europe where disarmament matters are now being taken up between the United States and the Soviet Union and between the two military blocs. But disarmament matters should not be limited to this scope because in the Asia-Pacific region the United States and the Soviet Union have also concentrated a great deal of their military might, which constitutes a threat to the security and stability of the region. Therefore, we believe that the United States and the Soviet Union should also work for disarmament in this respect by reaching agreement on reducing their military presence in the Asia-Pacific region.

[Reporter, in English] I am from the Spanish news agency, AGENCIA EFE. Recently the Chinese leadership used a kind of warning against peaceful evolution. Can you explain what you mean by peaceful evolution, and how is this concept related to the situation in East Europe?

[Qian] I do not think the term peaceful evolution was created by us. It was coined by Dulles. At the time, he thought that it was impossible then to change the Chinese revolution and that it was necessary to resort to the method of peaceful evolution to bring about this change in the second or third generation. We, of course, must be vigilant against this. The Chinese revolution will be carried through to the end. Socialist construction in China must attain the goal it set out to realize. It is therefore very natural for us to be vigilant against this.

[Reporter, in English] I am David Holly with THE LOS ANGELES TIMES. Could you assess the current situation of U.S.-China relations, especially the political pressure faced by President Bush, the situation concerning Fang Lizhi, and the question of renewal of most favored nation trading status. Will China take any steps to try to influence public opinion in the United States and make it easier for President Bush to promote U.S.-China relations?

[Qian] We have always attached importance to Sino-U.S. relations. We wish to see that Sino-U.S. relations will be brought back to the normal track. We also appreciated President Bush's statement that he wished to

bring Sino-U.S. relations back to the normal track. As for the issue concerning Fang Lizhi, it was created by the American Embassy when it went against international norms and offered him asylum. Therefore, the solution to this problem calls for an initiative by the United States. As for Fang Lizhi and people like him, the way out for them is to realize their errors and return to the fold and quickly confess their crimes.

On granting of most favored nation status, it was provided in a reciprocal clause contained in the trade agreement signed between China and the United States not long after the establishment of diplomatic relations between the two countries in 1980. It has been 10 years since then. There are now some people in the U.S. Congress who are attempting to change this stipulation by denying China most favored nation status. Should this be put into effect, it would undoubtedly cause immense harm to trade relations between China and the United States, thus resulting in a major retrogression in bilateral relations. China does not wish to see this happen, and neither, I think, do the American people, the business circles, the political circles, and all personages with vision in the United States, including the U.S. Government. We hope that the U.S. side will come to a wise decision and do nothing that may set back the bilateral relations between our two countries.

[Reporter] I am from the UNITED DAILY NEWS of Taiwan. My name is (Sun Yaming). My question is about Taiwan's elastic diplomacy and essential diplomacy. The Beijing authorities have always opposed these policies. However, if the Taiwan authorities would like to trade with the Beijing authorities and if the Taiwan authorities promise to renounce the elastic diplomacy and ask the Beijing authorities to reduce pressure on Taiwan internationally to give Taiwan living space in the world, then what would be the approach of the Beijing authorities? If you agree, what are the conditions? If you do not agree, why? Thank you.

[Qian] I think the reason we are opposed to the Taiwan authorities' elastic diplomacy is this: The purpose of the Taiwan authorities elastic diplomacy is to undermine relations between China and other countries that have diplomatic relations with China, and by so doing, the Taiwan authorities have also violated their oft-stated position of one China. This is a major question which concerns principle, and it concerns the great cause of motherland reunification. As for the Taiwan authorities' activities on the international scene, they can carry out economic activities in the world under certain conditions. For example, they can join non-governmental organizations and take part in sports activities such as games and sporting organizations according to agreements reached. The Taiwan authorities can take part in these activities under certain conditions. However, we cannot allow the Taiwan authorities to resort to the so-called elastic diplomacy or resort to spending a large amount of money in seeking relations with countries that have diplomatic relations with China. I do not think that

even the people on Taiwan themselves will agree to such a policy. It is not proper to do so.

[Reporter] I am from the Hong Kong Broadcasting Station. Minister Qian, after the adoption of the Hong Kong Basic Law, will there be any developments in Sino-British relations? Another question is about the issuance of British passports, an issue that was mentioned before. The British side has still persisted in granting British passports and the right of abode to 50,000 families in Hong Kong. Does this question constitute another obstacle in the relations between China and United Kingdom? Thank you.

[Qian] The relations between China and United Kingdom are gradually improving and turning for the better. In particular, after the adoption of the Basic Law, there will be a further improvement in our relations. About the right of abode granted by the United Kingdom to some people in Hong Kong, I would like to explain a bit further. Many people from the United Kingdom, including two secretaries of state for foreign affairs, have repeatedly explained to the Chinese side that the purpose of their decision to grant the right of abode is to ensure the stability and prosperity of Hong Kong. I advise you to carefully read the Hong Kong Basic Law, which will be adopted very soon. This law is one worked out in the light of the concept of one country, two systems. The purpose of the Basic Law is to ensure the prosperity and stability of Hong Kong. I believe that as long as Hong Kong continues to offer business opportunities from which people can make money, highly competent people and financial resources in Hong Kong will not flow out, and even those who have departed may return. We are fully confident about maintaining the prosperity and stability of Hong Kong. Since a lot of businessmen from abroad are interested in investing and carrying out business operations on the mainland, why would they not make investments and carry out business operations in the Hong Kong Special Administrative Region as well? If they believe the granting of the right of abode to some people in Hong Kong will ensure the prosperity and stability of Hong Kong, then I do not agree. I think it will only cause a breakup inside Hong Kong, which will lead to instability. This is my view.

[Reporter, in English] I am Jimmy Flora Cruz with TIME magazine. Mr. Qian, the Sino-U.S. relations are in a state of impasse. Recent reports from Washington indicate the growing frustration and disappointment by the Bush Administration over what it sees as China's inability or failure to reciprocate adequately the U.S. moves to break this impasse. Do you agree with that report or allegations that China has failed to reciprocate the U.S. moves. If you do not agree, could you please cite specific measures or moves that China took since June to remove the reasons that led to this impasse.

[Qian] I think that even President Bush would not agree with that kind of allegation, because he said on many occasions that the Chinese side had responded on many

occasions to the effort: he himself made and he listed the specific measures taken by the Chinese side. I think you should check on that.

[Reporter, in English] I am a reporter of the Bulgarian news agency. Mr. Minister, it seems there is a big contradiction between what I see as official reaction to the changes in East Europe and what some newspapers carried as internal speeches. For instance, one of the Shanghai newspapers carried such a speech. Can you clarify the real evaluation of the Chinese leadership toward changes in East Europe? Are we really victims of peaceful evolution carried out by the West?

[Qian] As for changes in East Europe, frankly speaking, because the changes are taking place so fast, it is very difficult for us to make a correct judgment. Therefore, we are now continuing to observe the situation. It is necessary to take note of what is happening in other countries; however, it would be inappropriate for us to make irresponsible comments on what is happening in other countries. In our view, what is happening in East European countries is their internal affair, and it is more appropriate for people in those countries to make their own judgment.

[Reporter, in English] I am a reporter of the Czechoslovak news agency. My question is: What are your views on the question of human rights in connection with international relations?

[Qian] There is an international human rights declaration in the United Nations, which is an important international document in spite of its historical limitations. China has always attached importance to the UN Declaration on Human Rights. Since 1980, China has participated in seven of the United Nations many conventions and agreements on human rights and has been a member of the UN Commission on Human Rights since 1982. We believe that on the question of human rights in connection with international relations, it is necessary to, on one hand, prevent large-scale violations of human rights and, on the other hand, oppose interference in other countries internal affairs under the pretext of human rights. Only by considering both aspects can we correctly implement the UN conventions on human rights.

Owing to differences in national conditions, historical background, and cultural tradition, countries may have different interpretations of human rights. I can give you an example to illustrate the point. For example, population growth is encouraged in some countries and the more children a family has the greater the rewards. But in China, we encourage family planning and reward people who follow the family planning program. Our policy is obviously different from that of some countries. This difference is because of differences in circumstances. The world would become chaotic if such different policies of different countries were treated as human rights violations. U.S. congressmen would have a

different view of this matter if the population in the United States was five times higher than it is now.

[Reporter] I am from the International Broadcasting Station of China. How do we assess prospects for the reunification of South and North Korea and the reunification of the Chinese mainland and Taiwan, now that the unification of the two Germanies has already been put on the agenda? Thank you.

[Qian] I think China has adopted a very clear-cut stand on this. China holds that the great cause of reunification of the motherland will be realized sooner or later. And I also think that the Korean people hold the same view that the reunification of their country will be realized eventually. However, this does not mean the two reunifications can be achieved in the same manner and under the same circumstances.

[Reporter, in English] I am (Schrisher) from UPI. Mr. Minister, last year, after the events here in Beijing, the Chinese Government said that the foreign countries which imposed sanctions on China did not understand the situation, that their actions were a product of the spreading of rumors by Western media and inaccurate reporting. China has now had almost a year, about 10 months, to explain its position to the rest of the countries and yet most of the sanctions are still in place. [Mandarin translation says: "Now 10 months have elapsed, a period of time which should be ample enough for China to explain its own position and tell the world about what actually happened, but the sanctions have not been lifted] Why has your attempt to explain your position failed so far? What is the problem?

[Qian] The sanctions imposed by some Western countries on China were decided in a matter of only a couple of days. This decision, I think, could only have been made on the basis of these reports and nothing more. However, it is easy to impose sanctions, but it is more difficult to lift them.

[Reporter, in English] I am Teresa Elis from NEWS-WEEK. China's leaders lately have been making a number of comments about the supposedly hostile forces that are attacking China. They seem to say that there is some kind of international conspiracy to overthrow the Chinese system. Though I have asked, no one has been able to tell me exactly who they are talking about. What countries, what leaders, what people, and how many of these people are there? Can you please tell us now exactly who you are talking about, who are the hostile forces? Thank you.

[Qian] I think that by hostile forces, we are referring to those who do not like our socialist system or the situation in China. There are very many of them there. This, I think, is also understandable because there can be different views on anything. It does not matter whether you say you like it or you do not like it. The term hostile forces is used for those who, just because they do not like what is going on in China, resort to political pressure and economic sanctions and adopt measures against China

with the intention of making China knuckle under, to make China change, and to interfere in China's internal affairs. Anyone who acts in this way is, of course, regarded as one who adopts a hostile attitude. Therefore, it is one thing whether you like or do not like things in China, and it is entirely another thing whether you are interfering or not interfering in China's internal affairs.

[Yao Guang] The last three questions please.

[Reporter, in English] IZVESTIYA of the Soviet Union. I would like to follow a question of a colleague from CCTV [China Central Television]. I realize that China mostly assesses the process of disarmament in terms of negotiations between the Soviet Union and America. Are you considering concrete involvement of China itself in this process of disarmament. Are you going to take any specific measures? Thank you.

[Qian] Since both the Soviet Union and the United States have the weapons that can directly destroy each other, it is a matter of course that they need to reduce their arms. As for China, it has voluntarily reduced its military strength. As everyone knows, the greatest arms cuts in the 1980's were made by China. China reduced its troops by 1 million men. In addition, China and the Soviet Union have discussed the reduction of military strength in border areas. Such discussions might be considered to be participation in a partial disarmament. Since it is limited to the border areas, it is not overall disarmament. As a nuclear nation, China has never shirked its responsibility. As soon as we had nuclear weapons, we announced that under no circumstances would we be the first to use nuclear weapons. We stand for a complete ban and destruction of nuclear arms. If the two nuclear powers—the United States and the Soviet Union—drastically reduce their nuclear arms and stop production, test, and deployment of such arms, China might [ye ke yi] take part in international disarmament activities and conferences in which all nuclear countries and representative countries participate.

[Reporter] I am from ZHONGGUO XINWEN SHE. I would like to ask another question on Sino-U.S. relations. Minister Qian, will you please explain exactly what progress has been made in Sino-U.S. relations since President Bush's special envoy visited China last December? What should be done by both sides to overcome present difficulties? What are the prospects for Sino-U.S. relations? Thank you.

[Qian] I believe that it is of positive significance that President Bush sent special envoys to China twice to hold talks with Chinese leaders. The talks and meetings promoted mutual understanding. By understanding, I do not mean that there are no differences between the two sides. Rather, I mean that the two sides still can find things of common interest despite the existence of differences. For this reason, in order to develop Sino-U.S. relations, it is necessary to strictly abide by the principle of mutual noninterference in each other's internal affairs

and the principles contained in the three joint communiques. In this way, both sides will be able to keep their own positions while working in cooperation for common interests. I believe that this is the direction in which Sino-U.S. relations should develop.

[Yao Guang] Last question, please.

[Reporter] I am XINHUA reporter (Cai Shihuan). I am very honored to be allowed to ask the last question. My question concerns Sino-Japanese relations. Japanese Prime Minister Toshiki Kaifu indicated recently that the Japanese Government attaches great importance to Sino-Japanese relations. Minister Qian, what are your views on the prospects for Sino-Japanese relations? Do you expect great progress in Sino-Japanese relations in the near future?

[Qian] We appreciate Japanese Prime Minister Kaifu's views on improving Japan's relations with China. Real improvement of relations between China and Japan needs further effort by both sides. Japan is one of the seven Western countries and therefore more or less restrained by this relationship. In view of their historical background, geographical location, and cultural heritage, as well as cooperation in recent years, there should be better relations between China and Japan. We hope that there will be better relations between the two countries. However, recent months saw increased exchanges between the two countries. I hope our bilateral relations will return to the track of normal development as soon as possible.

[Yao Guang] This is the end of the press conference. Thank you.

Wang Renzhong Attends Discussion

OW2803152890 Beijing XINHUA Domestic Service
in Chinese 1022 GMT 26 Mar 90

[By reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 26 Mar (XINHUA)—Wang Renzhong, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, went to the Youyi Guest House this morning to call on National People's Congress [NPC] deputies from Hong Kong and Macao attending the Third Session of the Seventh National CPPCC Committee, and joined their panel discussion.

During the panel discussion, the NPC deputies from Hong Kong and Macao aired their views on various resolutions (draft) of the Third Session of the Seventh National CPPCC Committee, the namelist of the candidates to be elected as additional vice chairmen and Standing Committee members (draft), and Hong Kong's prosperity and stability.

Wang Renzhong said: Hong Kong's peaceful transition and its stability and prosperity are conducive to Hong

Kong, the mainland, and Britain. Hopefully, everyone will join efforts and carry out their work well in all fields of endeavor.

Wang Renzhong said: The decision made by the Sixth Plenary Session of the 13th CPC Central Committee on strengthening ties between the party and the masses is of fundamental significance. We rely on the masses to make revolution and carry out construction in China. Jiang Zemin and other comrades have taken the lead to inspect the basic-level units, setting good examples for the entire party. We believe that under the leadership of the party Central Committee, we will definitely be able to overcome difficulties and further stabilize the overall situation.

Wang Renzhong said: Democratic supervision is something extremely important. Cadres in the party should not fear supervision by the people and democratic personages. They must welcome such supervision. He urged CPPCC committees at all levels to criticize, expose or report on the unhealthy trends among some leading party or government cadres.

Ji Pengfei on Hong Kong Law

OW2903082990 Beijing XINHUA Domestic Service
in Chinese 1011 GMT 28 Mar 90

[Text] Beijing, 28 Mar (XINHUA)—Ji Pengfei, chairman of the Basic Law Drafting Committee for the Hong Kong Special Administrative Region of the People's Republic of China, said today at the ongoing Third Session of the Seventh National People's Congress [NPC] that after four years and eight months' work, the committee has fulfilled its task of drafting the basic law. The NPC Standing Committee has submitted "the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (Draft)," including its three annexes and the draft designs of the flag and emblem for the Hong Kong Special Administrative Region, to the NPC session for examination. The NPC Standing Committee also submitted the documents it drafted on behalf of the NPC to the current session for review, which are the "Decision of the NPC on the Method for the Formation of the First Government and the First Legislative Council of the Hong Kong Special Administrative Region (Draft)" and the "Proposal by the Hong Kong Special Administrative Region Basic Law Drafting Committee on the Establishment of a Committee for the Hong Kong Special Administrative Region Basic Law Under the NPC Standing Committee."

Recalling the process of drafting the Hong Kong Basic Law, Ji Pengfei said: In accordance with the "Decision of the Third Session of the Sixth NPC Concerning the Establishment of the PRC Hong Kong Special Administrative Region Basic Law Drafting Committee," the 11th meeting of the Sixth NPC Standing Committee appointed the members of the drafting committee. The drafting committee was officially inaugurated and it started to work on 1 July 1985. After drawing up and

finalizing its work plan and the structure of the basic law, the drafting committee set up five special groups to do the actual drafting. The groups, each of which consisted of both Hong Kong and mainland members of the committee, respectively work on the following subjects: the relations between the central authorities and the Hong Kong Special Administrative Region; the fundamental rights and obligations of the Special Administrative Region residents; the political system; economy; and education, science, technology, culture, sports, and religion. A general work group was set up after the special groups finished penning the initial draft and was charged with revising and modifying it on the whole. In April 1988, the drafting committee promulgated during its seventh plenary session the "Basic Law of the PRC Hong Kong Special Administrative Region (Draft)" to solicit opinions. In the ensuing five months, the committee widely solicited suggestions in Hong Kong as well as in various provinces, autonomous regions, and municipalities on Mainland China. Based on the suggestions, the committee made over 100 revisions to the draft. In January 1989 at its eighth plenary meeting, the drafting committee voted in secret on the draft law and its annexes and other relevant documents one by one before presenting them to the NPC Standing Committee. Except for article 19 of the draft all other articles, annexes, and relevant documents were passed with the approval of over two-thirds of the members. In February of the same year, the Sixth Session of the Seventh NPC Standing Committee decided to publicize the law (draft)—including the annexes and relevant documents—in an attempt to widely solicit opinions in Hong Kong and various provinces, autonomous regions, and municipalities on the mainland as well as from the central departments, various democratic parties, mass organizations and experts, and the general departments of the People's Liberation Army. Following an eight-month period of seeking opinions, the drafting committee's special groups, after studying proposals from all sides, came up with 24 motions for revision, including one on article 19. In the drafting committee's ninth plenary session held in February this year, these motions were voted on one by one in secret balloting and were all passed with the approval of the majority or two-thirds of the members, replacing the original articles. The work was thus completed on the drafting of the law (draft), annexes, and relevant documents.

Ji Pengfei also noted the collection and selection process for the designs of the Hong Kong Special Administrative Region flag and emblem.

He said: In the past four years or more, the drafting committee has held nine plenary sessions, 25 chairman meetings, two enlarged chairman meetings, three general work group meetings, and 73 special group meetings. The Hong Kong Special Administrative Region flag and emblem selection committee also convened five times.

He pointed out that, looking back on the work in the past four years and more, one may say that the drafting of this legal document was done in a very democratic and open way.

Ji Pengfei said the basic law (draft) submitted to the current session for examination includes one preamble and 161 articles in nine chapters: Chapter I, general principles; Chapter II, the relationship between the central authorities and the Hong Kong Special Administrative Region; Chapter III, the fundamental rights and duties of the residents; Chapter IV, the political structure; Chapter V, economy; Chapter VI education, science, culture, sports, religion, labor, and social services; Chapter VII, the external affairs; Chapter VIII interpretation and amendment of the basic law; and Chapter IX, supplementary provisions. Also included are three annexes, "Method for the Selection of the Chief Executive of the Hong Kong Special Administrative Region," "Method for the Formation of the Legislative Council of the Hong Kong Special Administrative Region and Its Voting Procedures," and "National Laws to be Applied in the Hong Kong Special Administrative Region."

Ji Explains Draft

OW2803143890 Beijing XINHUA Domestic Service
in Chinese 1126 GMT 28 Mar 90

[Text] Beijing, 28 Mar (XINHUA)—Ji Pengfei today explained the draft Hong Kong Basic Law and relevant documents to the Third Session of the Seventh National People's Congress. He talked about articles in the Basic Law concerning the economy, education, science, culture, sports, religion, labor, and social services.

He said: The draft Basic Law has made stipulations on the economic system and policies of the Hong Kong Special Administrative Region in eight aspects including public finance, monetary affairs, trade, industry, commerce, land leases, shipping, and civil aviation. These stipulations are very necessary to ensure the normal operation of Hong Kong's capitalist economic mechanism and maintaining its status as a world financial center and free port. On monetary affairs, the draft Basic Law stipulates that no foreign exchange control policies shall be applied in the Hong Kong Special Administrative Region and markets for foreign exchange, gold, securities, futures, and the like shall continue. The free flow of capital within, into, and out of the region as well as the free operation of financial business and financial markets shall be safeguarded. It also stipulates that the Hong Kong dollar is the legal tender in the region and shall be freely convertible, and that the authority of its issuance shall be vested in the government of the Hong Kong Special Administrative Region. As for foreign trade, the draft Basic Law stipulates that all investments from outside the region shall be protected by law and the free movement of goods, intangible assets, and capital shall be safeguarded. Unless otherwise prescribed by law, no tariff will be imposed. As a separate customs territory, the region—using the name "Hong Kong, China"—may

participate in relevant international organizations and trade agreements, including preferential trade arrangements such as the General Agreement on Tariffs and Trade and Arrangements Regarding International Trade in Textiles. Export quotas, tariff preferences, and other similar arrangements obtained or made by the Hong Kong Special Administrative Region shall be enjoyed exclusively by the region. At the same time, it also stipulates that the Hong Kong Special Administrative Region shall strive for a fiscal balance and avoid deficits in drawing up its budget and, taking the existing low tax policy as a reference, make its own taxation legislation.

He said: The draft Basic Law also contains stipulations on retaining or developing Hong Kong's existing systems and policies concerning education, science, culture, sports, religion, labor, and social services. The stipulations concern the Hong Kong residents' interests in many respects of their social life, and are important to its social stability and development.

Ji Pengfei said: The draft Basic Law contains more articles on policies concerning the above-mentioned matters. In the Sino-British Joint Declaration, our government has pledged that our basic policies regarding Hong Kong and the elaboration of them in Annex I to the Joint Declaration be stipulated in the Basic Law. Moreover, the people of all walks of life in Hong Kong have imperatively demanded that the Basic Law reflects and protects their respective interests. Considering our pledge and the Hong Kong people's aspirations, we have finally retained those articles on policies despite different opinions regarding what articles to keep and omit in the course of drafting the law.

Ji Explains Political Structure

OW2803173690 Beijing XINHUA in English
1504 GMT 28 Mar 90

[Text] Beijing, March 28 (XINHUA)—Ji Pengfei, chairman of the Hong Kong Basic Law Drafting Committee, explained the political structure of the future Hong Kong Special Administrative Region [SAR] while addressing the ongoing annual session of the National People's Congress (NPC) here today.

He said the draft basic law defines the formation and powers of and inter-relationship among the executive, legislature and judiciary, and qualifications, powers and functions of the chief executive, principal officials, members of the executive and legislative councils, judges of the courts and other members of the judiciary, and public servants of the Hong Kong Special Administrative Region. It also provides that district organizations which are not organs of political power may be established in the region.

Ji said the political structure of the Hong Kong Special Administrative Region should accord with the principle of "one country, two systems" and aim to maintain stability and prosperity in Hong Kong in line with its legal position and reality.

To this end, he said consideration must be given to the interests of different walks of life and the structure must facilitate the development of the capitalist economy there. While maintaining the part of the existing political structure proved to be effective, he said, democracy that suits Hong Kong's reality should gradually develop.

In line with this principle, chapter four of the basic law and its annexes 1 and 2 provide some major rules on the political structure.

Referring to the relationship between the executive and legislature, Ji said that the two should regulate as well as coordinate with each other. To maintain Hong Kong's stability and administrative efficiency, the chief executive must have real power which, at the same time, should be restricted, he added.

The draft provides that the chief executive is the head of the Hong Kong Special Administrative Region and accountable to the central people's government and Hong Kong Special Administrative Region. He or she leads the government of the region and signs bills and budgets bills and promulgates laws.

If the chief executive considers that a bill passed by the legislative council is not compatible with the overall interests of the region, he or she may return it to the legislative council for reconsideration.

If the chief executive refuses to sign a bill passed the second time by the legislative council, or the legislative council refuses to pass a budget or any other important bill introduced by the government, and if consensus still cannot be reached after consultations, the chief executive may dissolve the legislative council.

On the other hand, the basic law provides that the region's government must abide by law and be accountable to the legislative council. It must implement laws passed by the legislative council and already in force, present regular policy addresses to the council, answer questions raised by members of the council and obtain approval from the council for taxation and public expenditure. The chief executive must consult the executive council before making important policy decisions, introducing bills to the legislative council, enacting subordinate legislation, or dissolving the legislative council.

The draft stipulates that the chief executive shall be selected by election or through consultations and be appointed by the central people's government. The method for selecting them chief executive shall be specified in the light of the actual situation in Hong Kong and in accordance with the principle of gradual and orderly progress. The ultimate aim is the selection of the chief executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.

Based on these provisions, Ji said, annex 1 provides specific rules on selecting the chief executive. Between 1997 and 2007, the chief executive will be elected by a

broadly representative electing committee. If this method of election is to be revised after that period, any new method will be passed by two thirds of all the members of the legislative council, approved by the chief executive and submitted for approval to the National People's Congress Standing Committee.

Ji pointed out the method for selecting the chief executive is provided by annex, because it is more flexible for revision when necessary.

According to the draft basic law, the legislative council will be constituted by election. The method for forming the legislative council shall be specified in the light of the actual situation in Hong Kong and in accordance with the principle of gradual and orderly progress. The ultimate aim is the election of all the members of the legislative council by universal suffrage.

In accordance with these provisions, annex 2 provides specific rules on formation of the legislative council. The first and second legislative council will be formed by members elected by functional constituencies, by the election committee or by geographical constituencies through direct elections.

During the first 10 years after the special administrative region is established, the number of seats in the legislative council for members to be elected by geographical constituencies through direct elections will be increased with each passing council, and the number of seats for those to be elected by the election committee will be gradually reduced. When the third legislative council is formed, members to be elected both by functional constituencies and geographical constituencies through direct elections will share the seats of the legislative council.

Annex two also stipulates that different voting procedures will be adopted by the legislative council in handling bills introduced by the government and the motions and bills introduced by individual members of the legislative council.

The passage of bills introduced by the government requires at least a simple majority vote of the members of the legislative council present. The passage of motions, bills or amendments to government bills introduced by individual members of the legislative council requires a simple majority vote of each of the two groups of members present: members returned by functional constituencies and those returned by geographical constituencies through direct elections and by the election committee.

Ji explained that the provisions have taken into consideration of the interests of all social strata and will prevent endless debates over government bills, thus helping the government work with high efficiency.

The draft stipulates that the posts for chief executive, members of the executive council, the president of the legislative council, principal government officials, chief

judges of the court of final appeal and the high court, as well as members of the drafting committee for the basic law must be taken by the Chinese citizens who are permanent residents of the region with no right of abode in any foreign country.

Ji said these provisions demonstrate state sovereignty and the principle of managing Hong Kong by the Hong Kong people. Only by so doing, he said, can those holding the above-mentioned posts hold themselves responsible to the state, the region and the Hong Kong residents.

Based on the same consideration, Ji said, certain articles stipulate that the region's legislative council is composed of Chinese citizens who are permanent residents of the region with no right of abode in any foreign country.

However, he added, in view of Hong Kong's special conditions, permanent residents of the region who are not of Chinese nationality or who have the right of abode in foreign countries may also be elected members of the legislative council of the region, provided the proportion of such members does not exceed 20 percent of the total membership of the council.

Referring to the method for the formation of the first government and the first legislative council, Ji said that in line with the principles of state sovereignty and smooth transition, the establishment of the administrative region will be presided over by a preparatory committee set up by the National People's Congress (NPC).

As the preparatory work must be done before the establishment of the first government and the first legislative council, and the basic law will not go into effect until July 1, 1997, Ji said, the drafting committee has suggested that the NPC make a special decision on the method for the formation of the first government and legislative council. The decision will be made public together with the basic law.

Ji said that the drafting committee has worked out a draft of the decision, stipulating that the candidate for the first chief executive will be recommended by a selection committee composed entirely of Hong Kong residents. The recommended candidate will be reported to the central people's government for appointment.

If the composition of the last Hong Kong legislative council before the establishment of the administrative region is in conformity with the provisions of the NPC decision on the method for the formation of the first government and the first legislative council, those of its members who uphold the basic law and pledge allegiance to the Hong Kong Special Administrative Region and meet the requirements set forth in the basic law may, upon confirmation by the preparatory committee, become members of the first legislative council.

This arrangement, Ji said, is aimed at ensuring stability in the entirely transition period and making the two governments dovetail smoothly.

The draft also stipulates that when assuming office, the chief executive, principal officials, members of the executive council and of the legislative council, judges of the courts at all levels and other members of the judiciary must swear to uphold the basic law and swear allegiance to the Hong Kong Special Administrative Region of the People's Republic of China.

Ji Explains Hong Kong Autonomy

OW2803165290 Beijing XINHUA in English
1446 GMT 28 Mar 90

[Text] Beijing, March 28 (XINHUA)—Chairman Ji Pengfei of the Basic Law Drafting Committee for the Hong Kong Special Administrative Region (SAR) said here today that the relationship between the central authorities and the future Hong Kong SAR is one of the important issues defined by the draft basic law.

Ji made an explanation of the draft to the Third Session of the Seventh National People's Congress in the Great Hall of the People today.

Article 12 of the draft stipulates that the Hong Kong SAR shall be a local administrative region of the People's Republic of China, which shall enjoy a high degree of autonomy and come directly under the central government.

This stipulation, Ji said, constitutes the basis for defining the SAR's limits of power and its relationship with the central authorities.

The Hong Kong SAR, an unalienable part of China, shall be an autonomous region directly under the central government. On the other hand, it will be a special administrative region enjoying a high degree of autonomy and practising a system and policies different from the mainland's.

Therefore, the draft basic law contains provisions embodying the unification and sovereignty of the state and also empowering the SAR with a high degree of autonomy in consideration of Hong Kong's special circumstances, Ji said.

He continued to say that the power to be exercised by the National People's Congress (NPC) Standing Committee or the central people's government is indispensable to reflecting the state sovereignty.

According to the draft, the central government shall be responsible for the SAR's defence and foreign affairs, and the chief executive and other principal officials of the SAR shall be appointed by the central government. A small number of national laws relating to defence and foreign affairs, as well as other matters beyond the limits of the autonomy of the SAR, shall be applied locally by way of promulgation or legislation by the SAR.

The draft also stipulates that in the event that the NPC Standing Committee decides to declare a state of war or, by reason of turmoil within the Hong Kong SAR which

endangers national unity or security and is beyond the control of the SAR government, decides that the region is in a state of emergency, the central government may issue an order applying the relevant national laws in the region.

It is also stipulated that the Hong Kong SAR shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the central people's government, or theft of state secrets, to prohibit foreign political organizations or bodies from conducting political activities in the region, and to prohibit political organizations or bodies of the region from establishing ties with foreign political organizations or bodies.

Ji Pengfei said that these stipulations are entirely necessary for maintaining the state sovereignty, unification, and territorial integrity, as well as for preserving Hong Kong's long-term stability and prosperity.

The high degree of autonomy to be enjoyed by the SAR, as stipulated in the draft, includes executive power, legislative power and independent judicial power, including that of final adjudication. The SAR, authorized by the central government, has the power to conduct relevant external affairs on its own.

This shows that the Hong Kong SAR will exercise extensive autonomous power, Ji said.

Discussing the executive power to be vested with the Hong Kong SAR, Ji said that the draft, while stipulating that the SAR shall, on its own, conduct the administrative affairs of the region in accordance with the basic law, says that the SAR's power of autonomy on finance, economy, industry, commerce, trade, transport and communications, development and management of land and natural resources, education, science and technology, culture, sports, public order and control of entry and exit activities. [sentence as received]

The draft stipulates that the Hong Kong SAR shall have independent finances, and its financial revenues shall not be handed over to the central government. The central government shall not levy taxes in the region.

Ji said the draft stipulates that the Hong Kong SAR shall, on its own, formulate monetary and financial policies. The Hong Kong dollar shall be the legal tender in the region, and the authority to issue Hong Kong currency shall be vested in the SAR government.

The draft also stipulates that representatives of the SAR government may, in the capacity of members of Chinese Government delegations, participate in negotiations at the diplomatic level on matters related to Hong Kong.

According to the draft basic law, the Hong Kong SAR may on its own, using the name "Hong Kong, China", maintain and develop relations, and conclude and implement agreements with foreign states and regions

and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields.

Discussing legislative power, Ji said the draft stipulates that laws enacted by the Hong Kong SAR legislature may take effect upon the signature and promulgation by the chief executive. The laws shall be reported to the NPC Standing Committee for the record, but the record reporting shall not affect the entry into force of such laws.

According to the draft, if the NPC Standing Committee considers that any law enacted by the SAR legislature is not in conformity with the provisions of this law regarding affairs with the responsibility of the central authorities or regarding the relationship between the central authorities and the region, the Standing Committee may return the law in question but shall not amend it. Any law returned by the NPC Standing Committee shall immediately be invalidated.

These stipulations, Ji said, conform with the "one country, two systems" principle, are in line with provisions of the constitution, and also fully consider Hong Kong's need to enjoy a high degree of autonomy.

According to the constitution, Ji said, interpretation of laws is among the functions and powers of the NPC Standing Committee.

Taking into account Hong Kong's special circumstances, the draft basic law, while stipulating that the power of interpretation of the basic law shall be vested in the NPC Standing Committee, provides for the NPC Standing Committee authorizing the Hong Kong SAR courts to interpret on their own, in adjudicating cases, the provisions of this law which are within the limits of the autonomy of the region.

Ji said that this stipulation will guarantee the power of the NPC Standing Committee and also facilitate the Hong Kong SAR in exercising its power of autonomy.

According to the draft, the Hong Kong SAR courts may also interpret other provisions of this law in adjudicating cases.

However, if the SAR courts, in adjudicating cases, need to interpret the provisions of this law concerning affairs which are the responsibility of the central government, or the relationship between the central authorities and the region, and if such interpretation will affect the judgments on the cases, the courts shall, before making their final judgments which are not appealable, seek an interpretation of the relevant provisions from the NPC Standing Committee through the court of final appeal of the region. The courts, in applying those provisions, shall follow the interpretation of the NPC Standing Committee.

This stipulation, Ji explained, will provide the basis for the Hong Kong SAR courts, in adjudicating cases, to interpret the provisions of this law concerning affairs

which are the responsibility of the central government or the relationship between the central authorities and the region, and prevent the courts from making wrong judgments due to incorrect interpretation.

Ji Pengfei went on to say that the draft vests the Hong Kong SAR courts with independent judicial power, including that of final adjudication.

He said this is certainly a very special arrangement for courts in a local administrative region. But taking into consideration the fact that Hong Kong practises different social and law systems, this provision is necessary.

According to Ji, the basic law drafters have recommended that when the basic law comes into force, a working committee be set up under the NPC Standing Committee. The working committee shall be composed of mainland and Hong Kong members appointed by the NPC Standing Committee.

The recommendation is aimed at enabling the NPC Standing Committee to heed fully Hong Kong people's opinions when it makes decisions on whether laws enacted by the SAR legislature conform to the provisions concerning affairs within the responsibility of the central authorities or concerning the relationship between the central authorities and the SAR, on adding to or deleting from the list of national laws in Annex 3, and on the interpretation of and amendment to the basic law.

So, the Basic Law Drafting Committee has drafted a proposal on the establishment of a committee for the SAR Basic Law of the NPC Standing Committee. Ji concluded.

Peng Chong on Committee Work

OW2903001290 Beijing XINHUA Domestic Service in Chinese 1315 GMT 28 Mar 90

[Text] Beijing, 28 Mar (XINHUA)—Reporting today at the Third Session of the Seventh National People's Congress [NPC] on the work accomplished by the NPC Standing Committee since the previous NPC session, Peng Chong, vice chairman and secretary general of the NPC Standing Committee, said: Nineteen eighty-nine was a very unusual year. In the course of the grave political struggle, economic retrenchment, and reform, the NPC Standing Committee firmly followed the guidance of the party line and earnestly performed its constitutional duties. New headway was made in all fields, he said.

Peng Chong cited the work in the following five areas: First, the NPC Standing Committee firmly supported the decision to stop the upheaval and suppress the counterrevolutionary rebellion in an effort to safeguard the dignity of the Constitution and the stability of the country.

China experienced a grave political storm in the late spring and early summer last year. Hostile forces at home and abroad created the storm with the intention of

overthrowing the CPC leadership and subverting the socialist People's Republic of China. Early last year and during the Second Session of the Seventh NPC, an extremely small number of people in society began to clamor in various ways to have the Constitution revised in a wild attempt to discredit the four cardinal principles. Under the banner of "safeguarding human rights," these people also demanded "amnesty" and exercised pressure on the NPC from all quarters. NPC deputies and NPC Standing Committee members firmly and justifiably resisted these perverse acts. During critical moments of the Beijing upheaval, the upheaval plotters and organizers tried to force the NPC Standing Committee to nullify the martial law order issued by the State Council. The NPC Standing Committee resisted this countercurrent, maintaining that it was necessary and legitimate for the State Council to impose martial law in some parts of Beijing according to the Constitution. It thus firmly supported the State Council in exercising its lawful authority to stop the upheaval and suppress the rebellion in an effort to safeguard the dignity of the Constitution. The NPC Standing Committee, at its eighth meeting, heard and examined State Councillor Chen Xitong's "Report on Thwarting the Upheaval and Suppressing the Counterrevolutionary Rebellion" and decided to firmly support the measures adopted by the CPC Central Committee, the State Council, and the Central Military Commission to stop the upheaval and suppress the counterrevolutionary rebellion.

As to certain countries which crudely interfered in China's internal affairs, the NPC Standing Committee expressed its utmost indignation and firm stand.

Second, the NPC Standing Committee stepped up its legislative work and its supervision over the enforcement of laws, thus expediting the construction of the socialist legal system.

Since the Second Session of the Seventh NPC, the NPC Standing Committee continued to regard legislation as its most important task and achieved important successes in this area. It examined the drafts of 10 laws including five that were adopted, two for which they decided to submit two draft laws to the current session for deliberation, and the remaining three which will continue to be examined. In addition, it approved a decision relevant to legal issues.

An important responsibility of the NPC Standing Committee is to supervise the enforcement of the Constitution and other laws. Over the last year, the NPC Standing Committee and all special committees resorted to various means to intensify their supervision over the enforcement of laws. First of all, they heard reports at selected departments and investigated or inspected their way of enforcing laws to make sure that all laws were seriously enforced.

Second, NPC deputies and NPC Standing Committee members considered law enforcement as an important aspect of their inspection, and thus made sure that

relevant departments lawfully handled all cases of corruption and crimes which had caused strong dissatisfaction among the masses.

Third, while handling people's petitions, they made it a practice to urge the relevant departments to verify the information. On this basis, they defended correct verdicts, rectified 105 frame-ups, and handled 131 cases of lawlessness reported by the masses.

Fourth, the NPC Standing Committee improved and intensified its supervision over economic retrenchment, reform, and the work of promoting administrative honesty, thus accelerating these processes. The NPC Standing Committee made it part of its work to hear and examine the reports made by the State Council and its ministries and commissions, the Supreme People's Court, and the Supreme People's Procuratorate. All special committees also assisted the NPC Standing Committee in performing its supervisory responsibilities.

Fifth, it intensified its guidance over the reelection of deputies to county and township people's congresses so that the reelection could be accomplished lawfully. More than 700 million voters in the country will be directly involved in the forthcoming reelection of county and township people's congresses, and since it will actually be a demonstration of the nation's socialist democratic and legal system, it will be significant for building stronger county and township governments and stabilizing the political and economic situation. The task is being carried out throughout the country and all local authorities have intensified their guidance and handling all relevant matters strictly in accordance with the law. Judging from the situation in the 900 counties and cities where reelection has been completed, the voters' wishes have been respected, and their democratic rights have been safeguarded.

Sixth, the NPC Standing Committee seriously handled the motions and suggestions submitted by deputies and listened to the people's views and requests. Of the 411 motions NPC deputies submitted to the Second Session of the Seventh NPC, 74 of them were referred to six special committees for handling, and the NPC Standing Committee also approved their reports on how these motions were handled. The remaining 337 motions were handled as deputies' suggestions, criticism, and views along with the 3,778 other suggestions made by deputies. The relevant departments have already informed deputies about how their suggestions have been handled.

The NPC Standing Committee and people's congress standing committees of various provinces, autonomous regions, and municipalities directly under the Central Government also organized deputies and standing committee members to inspect factories, rural areas, stores, schools, and other grassroots units to hear their views. The NPC Standing Committee also attached great attention to people's petitions and intensified its operations in

this area. Last year the NPC Standing Committee handled nearly 80,000 letters, received more than 14,000 visitors, and supervised the settlement of some problems and difficulties.

In conclusion, Peng Chong said: While the NPC Standing Committee has achieved some successes since the holding of the previous NPC session, there are still many other shortcomings and problems that need to be resolved. For example, the pace of legislation still lags behind the development of the situation and certain badly needed laws have yet to be drawn up; supervision is still weak and much has to be learned during the restructuring of the political system; and continuous efforts have to be made to improve the work of establishing contacts with NPC deputies and the masses as well as with standing committees of local people's congresses.

Peng Chong on Congress System

*OW2903072790 Beijing XINHUA Domestic Service
in Chinese 1334 GMT 28 Mar 90*

[Text] Beijing, 28 Mar (XINHUA)—In a report on the Standing Committee work delivered at the Third Session of the Seventh National People's Congress [NPC], Peng Chong, vice chairman and secretary general of the NPC Standing Committee, stressed: Practice over the past 40 years since the founding of the People's Republic, especially the practice during the last decade, has proved that the People's Congress system embodies the fundamental nature of our country, is suited to our national conditions, and is a basic political system of socialism with Chinese characteristics. It guarantees politically and organizationally that all our people are genuine masters of the country. We must draw a clear line of demarcation between socialist democracy on the one hand and capitalist democracy, anarchism, and ultra-democracy on the other. We must give full play to the vast superiority of China's political system, uphold the People's Congress system, and make that system perfect. It is imperative to firmly oppose the bourgeois liberalization thought that negates the People's Congress system. We must overcome all erroneous ideas ignoring and weakening the position and role of the People's Congress and see to it that the People's Congress work is carried out even more successfully.

His report sets forth the following demands on the work of the NPC Standing Committee in the future:

1. Persistently take the party's basic line as a guidance and seriously fulfill the duties assigned by the Constitution.

We should earnestly sum up the experience and draw lessons from what we have done in building up the People's Congress since the founding of our People's Republic with emphasis on studying ways to strengthen socialist democracy and the socialist legal system and bring into full play the superiority of the People's Congress system under the present circumstances. At

present, all work of the NPC Standing Committee should aim at consolidating and developing the situation of political stability and unity and making smooth progress in improving the economic environment, straightening out the economic order, and deepening the reform. In accordance with the guidelines set at the Sixth Plenary Session of the 13th CPC Central Committee, we should forge close ties with the masses, fully reflect the people's will and demands, and strive to guarantee democratization and scientific approach in making policy decisions. We should continue to improve the personnel appointment and dismissal system, strictly comply with the legal procedures in exercising the authority of appointment and dismissal, and implement the principle of appointing people on their merits. In addition, it is necessary to unrelentingly carry on the work of ensuring a corruption-free government as one of our important tasks.

2. Strengthen the socialist democracy and socialist legal system, and further improve the legislative and supervisory work.

Great attention should be paid to formulating and improving laws to protect the citizens' rights; maintain social stability and the people's normal life; and guarantee the rights and interests of women, youths, and children. Earnest efforts should be made to formulate laws of macroeconomic regulation and control to ensure the work of reform and opening to the outside world and the sustained, stable, and harmonious development of the national economy. Earnest efforts should also be made to formulate or revise laws on punishment of crimes and on ensuring that our government is free of corruption. To further improve the People's Congress system, the election law and organic law for local people's congresses should be revised as necessary. Moreover, effective measures should be taken to ensure the implementation of the Constitution and other laws, and the Standing Committee is required to beef up its function of work supervision.

3. Adhere to the principle of democratic centralism and act in strict accordance with the legal procedures to decide on questions.

From now on, when examining and discussing proposals and making decisions on questions, we should continue to encourage people to make suggestions, speak out freely, and express their respective opinions. At the same time, we should continue to enact procedures and rules for legislation, supervision, decisions on major matters, and personnel appointments and removals. In particular, earnest efforts should be made to draft a law of supervision so as to have an established supervisory procedure and to further institutionalize the exercise of this function.

4. Establish close contacts with the deputies and the masses of people and accept their supervision.

It is necessary to continually persist in and to make perfect the systems and methods that we have used

effectively for years in maintaining contacts with the deputies. A draft law on deputies should be worked out within this year so that the rights and duties of the deputies can be clearly defined and their role brought into fuller play. It is also necessary to improve the inspection work by adopting the methods of either concentrated inspections or scattered inspections based on the actual needs and in accordance with the expertise of the inspecting individuals. Special investigations should be conducted on major questions in order to find specific solutions. The work of receiving people's visits and handling their letters should be given great attention and strengthened up. We should continue to adhere to the practice of publishing the full texts of major draft laws so as to solicit opinions on a wide scale. We should also make public through mass media the relevant details of our Standing Committee meetings and other activities so that our work will be promptly supported and supervised by the masses of people. Furthermore, the NPC Standing Committee should continue to reinforce its contacts with standing committees of local people's congresses. This is an indispensable task to the success of the NPC Standing Committee's work.

Sichuan Deputies on Education

OW2903074290 Beijing Domestic Service in Mandarin
1030 GMT 28 Mar 90

[Report on "special" interview by reporter (Chen Dingchuan): "Hearing Deputies' Comments on Moral Education"]

[Text] Following the political storm at the turn of spring and summer last year, the moral education of university and secondary technical school students has elicited widespread concern among the people. I interviewed two education workers, who are members of the Sichuan delegation to the current National People's Congress session. They talked exclusively on this subject.

A female educator with 30 years of work experience, (Wang Huicai), who is currently the party committee secretary of the Daixian County Teachers School, said: Education should be combined with productive labor and be aimed at serving socialist construction. This principle of education is correct but, unfortunately, it has not been firmly adhered to. A few years ago, students felt it was ridiculous for teachers to teach Marxism-Leninism in the classroom. In fact, however, some students were not at all clear about the principles of communism and the principles of capitalism. We advocated the necessity in recent years of intensifying political and ideological work but, unfortunately, this was merely a slogan. Bourgeois liberalization thought seized the opportunity to sneak in. If we ponder over this matter carefully, we will realize that the appearance of the turmoil was only natural. Now, the government work report attaches great importance to political and ideological work, and there is a clear-cut guiding principle. Also, the measures taken at present are concrete and tangible.

Speaking of the young students, (Wang Huicai) said that they will be easy to remold and will have a very promising future if given the correct guidance. She added: In our school, all those students who participated in the student unrest are now learning from Lei Feng and doing good things. The nationwide political and ideological work has taken a turn for the better. We should take this opportunity to train a new generation of capable and politically qualified successors who stress national integrity and share weal and woe with our Republic.

Many deputies share this view with (Wang Huicai).

(Gao Xuehua), professor of Huaxi Medical College, showed concern about the training of capable and politically qualified students. He said: Some students lack experience and cannot fully understand the greatness of the Chinese Communist Party. They should be sent to factories and villages so that they may experience reality and foster a revolutionary outlook on life. With 38 years of teaching experience, this veteran professor also maintained that there are now many favorable factors to ensure the success of the students' moral education. He said: We have several decades of both positive and negative experiences and lessons. In addition, Premier Li Peng's report gives a clear direction for education, explicitly pointing out what is to be opposed and what is to be learned. This is very good. Furthermore, every teacher should act in the capacity of a political and ideological worker and have his own conduct serve as an example to be emulated by the students.

Military

Yang Shangkun Addresses PLA Group Discussion

HK2503003090 Beijing ZHONGGUO XINWEN SHE
in Chinese 0910 GMT 24 Mar 90

[report by Reporters Zhang Rongzhou (1728 2837 3166) and Zhou Jingluo (0719 2529 3157): "Yang Shangku Says That the Army Must Be Pure, Clean and Honest, and Be Always Qualified"]

[Text] Beijing, 24 Mar (ZHONGGUO XINWEN SHE)—This morning, President Yang Shangkun, who was wearing a black woollen jacket, went to Jingxi Guesthouse to participate and address a group discussion of the People's Liberation Army [PLA] delegation. He stressed that the Army must be pure, clean and honest, and be always qualified.

Yang Shangkun said that Li Peng's "Government Work Report" is a good report, because it points out both achievements and defects. Over the past 40 years, great achievements were scored in our country. We must educate our troops with perfect assurance, and in a practical way. We must also spread propaganda among the masses who have connections with the army.

He continued: During the past 40 years, we followed a tortuous course. But now we can produce 60 million tons of steel. This is not a small amount in the world. Just as

Li Peng has stressed, no matter what happens in the world, our main task is to promote our economic development. In such a way, we will remain invincible.

Yang Shangkun also pointed out: At present, the state is encountering difficulties, and new difficulties might occur in the future. We must promptly explain this to our cadres and masses. We must first stress relying on our own strength. After that, we may say we should strive for foreign assistance.

Yang Shangkun added: Deng Xiaoping has praised that our Army is politically qualified. This does not mean that we have got 100 marks. Sixty, 80 or 90 marks also mean being qualified. In the struggle to stop turmoil and quell counterrevolutionary rebellion, our Army is qualified politically. But we must sum up some experiences. We must not think that once victory meeting is held, everything is all right. There are still some defects. We must be modest and prudent. We must realize that we still have some defects, and we must pay attention to them.

Yang Shangkun emphasized: Some bad phenomena in the society also occur in our Army. The harmful effects of commodity economy, and abuse of power for private gains have also influenced our Army. This merits our attention. The Army must be more honest and cleaner than civilians. To be clean and honest, supervision must be strengthened. In particular, supervision of the same level must be strengthened. If we can do so, it is easier to carry out supervision by the higher level over lower level.

Yang Shangkun pointed out: Leading bodies in the Army must unite. They must be staunch and powerful. The key problem is unity. After the Sixth Plenary Session, the Central Military Commission held a small-scale meeting attended by commanders of various military regions, which stressed strengthening the buildup of the army and theoretical study. Theoretical study must be carried out at the upper, middle and lower levels.

Today's discussion was presided over by Liu Huaqing, head of the PLA delegation, and vice chairman of the Military Commission under the CPC Central Committee. Zhang Mingyuan, political commissar of the Military Educational Institute, Qin Xinghan, director of the Military Museum, and Yang Baibing, secretary general of the Central Military Commission and director of the PLA General Political Department, also spoke at the discussion.

Chi Haotian Urges Improved Military Research

HK1703062690 Beijing JIEFANGJUN BAO
in Chinese 25 Feb 90 p 1

[Report by Chai Yuqiu (2693 1342 3808): "At Military Forum, Chief of General Staff Chi Haotian Calls for Better Job in Military Research and Scientific Policy Making"]

[Text] Beijing, 24 Feb.—To further augment military research, and to serve the leadership in policy-setting and guidance, an armywide forum for directors of military work research institutes, the first of its kind, was held between 21 and 23 February in Beijing. Chief of General Staff Chi Haotian delivered an important speech on giving full play to the consultant role of military research during the forum.

The leadership of the Central Military Commission and the Headquarters of the General Staff have attached great importance to surveys and research in the course of army building and reform since the new historical stage began. Military research institutes have been universally set up in senior military organs, with the initiation of a comprehensive journal JUNSHI GONGZUO TONGXUN ["Newsletter in Military Work"] that guides military work armywide. This research contingent has been tempered in practice, and is playing an increasingly greater role in army building and reform. The forum focused on exchanging experiences in unfolding military research, and dealt with such topics as augmenting the building of a research contingent, improving research work efficiency, and quality.

Chi Haotian fully affirmed the results of military research over the years. In his speech, he stressed that it is necessary to deepen understanding of military research from the plane of leadership in scientific decision-setting and implementing correct guidance. There is a common law at all times and in all countries, namely those who make good planning before action will invariably be successful, and those who act without planning will invariably fail. The administration, guidance and decision-setting of a modern army can be increasingly complicated, and any leader is in urgent need of help from consultant organs in contemplating and studying measures to cope with problems. The founding of research centers is precisely to meet the needs of the objective state of affairs, and to make progress in the way of leadership at that. Military research can only be augmented, but not reduced.

Chi Haotian pointed out that the basic functions of military research institutes are survey and research, providing help to the leadership in scientific decision-setting, and improving its principled, systematic, forecasting and creative work guidance. It is necessary for military research to closely center around the most urgent issues in army building, key work and important military activities, as well as issues that involve institutions, policies, tendencies, "bottlenecks" and problems of the leadership's greatest concern; while it should closely track the development major events, and changes in major tendencies.

Chi Haotian required military research centers to focus their efforts on improving effects and quality of research, and to take an active part in serving leadership in decision-setting and work guidance. They should work hard to be objective and comprehensive in their demonstration of plans for decision-setting, and refrain from

demonstration of "feasibility" without demonstrating otherwise. Focus should be placed on completely, and accurately understanding and grasping the leadership's intention in setting forth a topic for research, in doing research based on such intentions. By no means should one pander to a single statement of the leadership, and tailor facts in a one-sided way. Research should be conducted independently and objectively, and "truth" be sought from "facts."

Army Circular Views Learning From Lei Feng

HK2603064490 Beijing JIEFANGJUN BAO
in Chinese 6 Mar 90 p 1

[Report: "PLA General Political Department Issues Circular, Urging All Military Units To Study and Implement the Spirit of Central Leaders' Inscriptions and Carry Out Activities of Learning from Lei Feng in a Deepgoing and Down-to-Earth Manner"]

[Text] Beijing, 5 Mar (JIEFANGJUN BAO)—The General Political Department today issued a circular, urging all military units to seriously study and implement the spirit of the central leading comrades' inscriptions and carry out the activities of learning from Lei Feng in a deepgoing and down-to-earth manner.

The circular of the General Political Department said: On the 27th anniversary of Mao Zedong and other proletarian revolutionaries of the older generation writing the inscriptions for Lei Feng, Jiang Zemin, Yang Shangkun, Li Peng and other party and state leaders again wrote inscriptions on learning from Lei Feng. This is of great and far-reaching significance for mobilizing the whole nation and the whole Army to carry out the activities of learning from Lei Feng in a down-to-earth manner, for promoting the construction of socialist spiritual civilization in our country, and for ensuring that the armed forces will always be politically reliable and qualified. All military units should seriously study and widely publicize the inscriptions of the central leaders, and should carry out the activities of learning from Lei Feng in a more deepgoing and down-to-earth manner under the guidance of the inscriptions.

The circular required all military units to pay attention to the following issues in the course of carrying out the activities of learning from Lei Feng:

First, at present, the activities of learning from Lei Feng have been unfolded in the whole Army, and an upsurge has taken shape. In the previous period, various units organized some large-scale activities. This was completely necessary in order to conduct more intensive and effective propaganda in this regard and to produce substantial influence. However, the activities of learning from Lei Feng should be carried out constantly over a long period and should achieve actual results. So the activities must be organized and carried out in a down-to-earth manner in order that they can be sustained over a long time. Henceforth, the troops should mainly be guided to carry out down-to-earth activities.

Second, it is necessary to guide cadres and soldiers to grasp the fundamental issue and learning from the essence of Lei Feng's spirit according to the spirit of the central leaders' inscription and RENMIN RIBAO's editorial on 5 March. They should make effort to first solve the question of "for whom to live" and "how to conduct oneself"—a fundamental question concerning the outlook on life, thus establishing a firm communist ideal and belief and establishing the selfless and dedicating spirit of serving the people wholeheartedly. The activities of learning from Lei Feng should be aimed at cultivating revolutionary soldiers with the "four virtues" and should be linked with the fulfillment of various tasks for the military units.

Third, when summing up and publicizing the deeds of some individual models in learning from Lei Feng, all units should also attach importance to sum up and publicize the experience of some advanced units and collectives in learning from Lei Feng. At the same time, in the course of practice, attention should be paid to finding new forms of learning from Lei Feng and summing up and publicizing new experience in this regard.

Fourth, it is necessary to strengthen organization of, and leadership over, the activities of learning from Lei Feng. Party committees and political departments at all levels should give more effective guidance and more effectively ensure the correct orientation of the activities. They should prevent and overcome various window-dressing practices which will achieve no actual result. The activities of learning from Lei Feng should be properly linked with the present work of various units and with the settlement of various existing problems among the troops. The deeds of the models should be summed up and publicized in a realistic manner and should not be exaggerated. At the same time, the models should be cared about in order to protect the enthusiasm of the activists in learning from Lei Feng. Leading cadres at all levels should also play an exemplary role and take the lead in learning from and carrying forward Lei Feng's spirit, thus setting a good example for the entire troops.

General Yang Announces PLA Pop Culture Ban

HK2903021790 Hong Kong HONGKONG STANDARD in English 29 Mar 90 p 7

[Text] In order to strengthen ideological control over the People's Liberation Army, popular magazines, videos and films should be banned from the Army, according to a top military official.

General Yang Baibing, secretary-general of the Central Military Commission (CMC), was speaking on Saturday to a military delegation of the National People's Congress.

In the closed-door meeting, Gen Yang, who is also head of the General Political Department under the CMC, vowed that the Army should persist in studying Marxism and Mao Zedong thought to consolidate its ideological base.

"Publications, films and videos that are allowed to circulate among the public should be forbidden to the military," he said.

"Soldiers should be separated from the evil things in society."

Gen Yang said the plague of bourgeois liberalism and the indecisive attitude of soldiers in implementing the party's policies had shaken discipline.

According to sources, Gen Yang attributed the student led pro-democracy turmoil of last spring to a loosening of ideological control.

He demanded military officers at all levels take the lead in promoting the spirit of Lei Feng, a soldier lionised by Mao for his dedication to communism.

"In the Army, we should support the Lei Feng style of life and should also be vigilant against any possible dilution of the spirit," he said.

Generals Reportedly Pleased Over Defense Budget

HK2303022490 Hong Kong SOUTH CHINA MORNING POST in English 23 Mar 90 p 13

[By Willy Wo-lap Lam]

[Text] China's military leaders are satisfied with the Army's bigger share of the budget, which the Finance Minister, Mr Wang Bingqian, recommended to the National People's Congress (NPC).

Unlike the 1989 NPC, during which the leaders openly called for a larger share of the funds, deputies representing the Army are singing the praise of "national stability" and expressing appreciation of the new political order.

In Mr Wang's budget projections for 1990, military spending has been boosted by 15.2 per cent to 28.97 billion yuan (HK\$47.8 billion).

The new military allocations account for 11.47 per cent of the total budget compared with 8.78 per cent for 1989.

Yesterday, while the national papers, including the People's Liberation Army mouthpiece, the LIBERATION ARMY DAILY, carried news of the national budget on their front pages, they refrained from commenting on the dramatic growth in military spending.

This conspicuous absence has been interpreted by China analysts as a sign the Army is satisfied with what it is getting and that the leaders are careful about not alienating other sectors of society by gloating over its windfall.

The newspaper yesterday carried the messages of 14 army-affiliated NPC delegates.

For example, Mr Hong Jiade, a deputy from the Nanjing Military Region, said that last year many deputies were worried about the future of the country "because of the

unstable political situation, rampant bourgeois-liberalisation, and the existence of repulsive social phenomena".

He said: "After standing the tests of blood and fire, the country now has political, economic and social stability."

Mr Zhu Dunfa, from the Shenyang Military Region, said he was confident of the country's bright future.

"Though China confronts many difficulties, it has a good deal of favourable conditions to overcome them—the older generation of revolutionary veterans are still alive, and the people have a trusted Communist Party leadership headed by (General Secretary) Jiang Zemin."

By contrast, last spring, senior military leaders subtly expressed dissatisfaction with the balance of power as they aggressively lobbied for a larger military budget.

For example, in a widely reported talk to NPC deputies last year, Chief of General Staff, General Chi Haotian, said the crucial role of the military should not be underestimated.

"If it were not for the PLA, our country could not have pushed forward in its modernisation drive," General Chi said.

On the same occasion, the deputy director of the Army's General Logistics Department, Mr Liu Ming-pu, deplored that the growth rate of the military expenditure had fallen way behind inflation.

This year, senior military leaders have not spoken to the Chinese or foreign media, a sign, analysts say, that they want to avoid being drawn into the controversy over power-grabbing by the Army.

Military analysts say that army allocations disclosed in Mr Wang's report are a "gross underestimation".

Army Holds Political, Legal Work Conference

Ensuring 'Three Guarantees'

HK2603073590 Beijing JIEFANGJUN BAO
in Chinese 8 Mar 90 p 1

[Report by Zhang Rousang (1728 2677 2718): "All-Army Political and Legal Work Conference Points Out the Need to Ensure 'Three Guarantees'"]

[Text] Beijing, 7 Mar (JIEFANGJUN BAO)—It is necessary to fully realize the current situation that political and legal work is facing, and to make political and legal work serve the purpose of guaranteeing the high degree of centralization and unity in the Armed Forces; guaranteeing the party's absolute over the Armed Forces; and guaranteeing the permanent political reliability of the Armed Forces. This was the basic requirement for political and legal work in the Armed Forces put forward by the all-army political and legal work conference, that concluded yesterday.

The meeting was held on 4 March together with the national political and legal work conference. The leading comrades from various major military units who were responsible for political and legal work, and the relevant responsible comrades from the three general departments, attended the meeting. During the meeting, Jiang Zemin, Li Peng, Qiao Shi, as well as Peng Zhen, Chen Pixian, Peng Chong, Zheng Tianxiang, Yang Yichen, successively held forums with the comrades who attended the national and all-army political and legal work conferences. Yang Baibing, secretary general of the central military commission and director of the general political department, gave instructions on political and legal work in the Armed Forces after listening to the report about the work conference.

The meeting held that in the past extraordinary year, the political and judicial departments of the Armed Forces seriously implemented the relevant instructions of the Central Military Commission and achieved marked results in quelling the turmoil and the rebellion, strengthening the prevention of crimes, adopting comprehensive measures to maintain law and order and to deal severe blows at serious criminal offenses, investigating and handling economic criminal cases, conducting legal education, and providing legal consulting services. Under the present social conditions, political and legal work is still faced with arduous tasks, and the departments and personnel involved in this work must be fully aware of the important position and role of the political and legal work in the construction of the Armed Forces and do more solid and effective work on this front so that the political and legal work can actually provide the "three guarantees."

Comrades attending the work conference seriously studied the principle of giving priority to prevention and the issue of improving the comprehensive measures for maintaining law and order and preventing and reducing criminal cases. First, the work of preventing crimes should be first done in grass-roots units. The implementation of the Central Military Commission's instruction on strengthening the political and legal work should be combined with the implementation of the "Program for the Construction of Grass-Roots Military Units." All the requirements specified by the program must be fulfilled so that the grass-roots units can be properly consolidated. Second, it is necessary to raise the ideological and moral quality of cadres and soldiers through effective political and ideological education, thus eradicating the ideological factors that may give rise to crimes. Third, it is necessary to carry out regular and constant mass ideological work among the troops in order to prompt cadres and soldiers to consciously fight against unhealthy tendencies and lawbreaking practices. Fourth, it is necessary to conduct deep-going legal propaganda and legal education and to carry out activities of providing extensive legal services. At the same time, steps should be taken to continuously raise the sense of law among cadres and soldiers and to safeguard the legitimate rights and interests of the military units and of

cadres and soldiers. Fifth, various rules and regulations should be strictly enforced, and various loopholes should be stopped up.

The meeting stressed the need to further strengthen the party's leadership over political and legal work. Party committees at all levels should strengthen their political and ideological leadership over, and give policy guidance to, political and legal work; should regularly analyze the situation in the political and legal work and discuss major issues in this field; should prompt the political and legal departments to act strictly according to laws through effective supervision and ensure that the political and legal departments properly perform their functions; should strengthen the leading groups in charge of political and legal work and bring their role into full play; and should often help the political and legal departments solve the problems in their practical work. In addition, it is also necessary to attach importance to the construction of the contingent of the political and legal workers and enhance its political integrity and professional competence.

Comrade Zhou Wenyan, deputy director of the general political department, presided over this work conference and also gave a speech at the meeting.

Viewing Logistics Political Work

HK2103044690 Beijing JIEFANGJUN BAO
in Chinese 2 Mar 90 p 2

[Article by Liu Anyuan (0491 1344 0337): "Seriously Implement the 'Summary' of an All-Army Meeting on Political Work, Strengthen and Improve Political Work in Logistics Departments"]

[Text] An all-Army meeting on political work regarded as a subject the strengthening of political building and the guarantee of the party's absolute leadership over the army, the guarantee of a high degree of stability and centralization and unification of the People's Liberation Army [PLA], and the guarantee of the PLA units being politically qualified forever and grasped armybuilding, a basic thing. This is of very great practical guiding significance.

1. Strengthen Study of Marxist Basic Theory, Penetratingly Develop Education in Adhering to the Four Cardinal Principles and Combating Bourgeois Liberalization

Strengthening the study of the basic theory of Marxism-Leninism-Mao Zedong Thought is of extremely important significance to us in adhering to the party's basic line, guaranteeing the correct armybuilding orientation, and consciously keeping in line with the party Central Committee. At present, the international reactionary forces are stepping up the implementation of the "peaceful evolution" strategy in our country; the antagonism and struggle between four cardinal principles and bourgeois liberalization will long exist at home. Under such circumstances, it is necessary to be able to stand three tests—the "peaceful evolution" struggle, reform and

opening up, and the peaceful environment, to guarantee that we are politically qualified forever, and especially to attach importance to study of Marxist basic theory. The party committees at all levels must regard theoretic study as a major issue of the troops' political building and really grasp it firmly and well. This year, it is essential to mainly study philosophy, to study the philosophical works of Marx, Lenin, and Comrade Mao Zedong well, to study well the works with rich philosophical thought of the revolutionaries of the older generation, including Comrade Deng Xiaoping, to have a good grasp of Marxist world outlook and methodology, and to establish a practical viewpoint, dialectic viewpoint, and mass viewpoint.

Study of theory must be closely linked with realities. It must be integrated with education in the situation and tasks. Everyone must be led to use Marxist standpoint, viewpoint, and method to observe the situation and to strengthen their socialist conviction and their confidence of reform. We must refute one by one the main viewpoints of the international reactionary forces and the representative figures of bourgeois liberalization at home, clearly understand their reactionary essence, theoretically distinguish between right and wrong, and strengthen our discernment and resistance. In theoretic study, we must adopt the method of integrating self-study with running courses by rotation. Apart from adhering to the system of study day, it is imperative to train cadres at different levels and by rotation. The party committees and political organs at all levels must strengthen the organization of and leadership over theoretic study and make unified arrangements for all aspects of work to guarantee the time, personnel, and contents for study.

2. Extensively and Penetratingly Unfold a Drive To Learn from Lei Feng, Train Revolutionary Soldiers With "Four Haves"

Lei Feng was a great communist fighter and Lei Feng spirit reflects the socialist spirit of the times and once produced important effect on the mental attitude of the whole army and whole society. Launching the drive to learn from Lei Feng in the new situation is an important measure to use proletarian ideology to defeat decadent bourgeois ideology and to guarantee that our Army is forever politically qualified. We must do a good job in propaganda and education on a large scale, organize officers and men to review the inscriptions of the revolutionaries of the older generation, study the speeches of Yang Shangkun, first vice chairman of the Military Commission and Yang Baibing, secretary general, relevant articles on the papers, and Lei Feng's diary, discuss Lei Feng's deeds, praise Lei Feng spirit, and profoundly understand the far-reaching significance of launching the drive to learn from Lei Feng in the new period. In conjunction with the activities of marking the 27th anniversary of learning from Lei Feng and the "4 May" Youth Day, all units must organize several large and influential activities, whip up an upsurge in learning

from Lei Feng, and create a good common practice that everyone learns from and acts as Lei Feng.

We must devote a lot of time and energy to the basic aspect of learning from Lei Feng spirit and use Lei Feng spirit to guide our thinking and actions. Like Lei Feng, we must be loyal to the party and the people and at all times and under all circumstances, keep in line with the party Central Committee, take a firm stand, and be politically qualified; like Lei Feng, we must carry forward the spirit of "nail," assiduously study Marxism-Leninism-Mao Zedong Thought, enhance our ability to distinguish between right and wrong, and consciously resist corrosive influence of wrong ideology; like Lei Feng, we must establish the idea of wholeheartedly serving the people, love whichever trade we are engaged in, make efforts to study our professions, and selflessly devote our intelligence and wisdom to the modernization of the army and logistics departments; like Lei Feng, we must foster the spirit of plain living and hard struggle, resist corrosive influence without being contaminated, establish the idea of "leading a thrifty life," maintain the diligent and honest workstyle, and consciously share the worries with the party and the country; like Lei Feng, we must carry forward the communist style of utter devotion to others without any thought of self, do good things for the people at all times and in all places, and be willing servants of the people. We must integrate learning from Lei Feng with learning from the "republic guard" spirit and "Laoshan spirit" and with learning from the advanced collectives and the advanced model figure; of our own units, including the Qinghai and Tibet PLA posts and units on the logistics front that "can especially bear hardships, can especially exercise patience, can especially fight. We must set pacesetters in all trades and professions in learning from Lei Feng.

3. Strengthen the Building of the Party Committees at All Levels, Guarantee Party's Absolute Leadership over the Army

A party committee is the leadership core of a unit. Whether the party committee group is built well or not is an important matter that has a bearing on whether the party can exercise absolute leadership over the Army or not and on whether the gun can be held in the hands of the honest and reliable people or not. According to the requirements for "study, unity, honesty, matter-of-fact attitude," we must really do well in grasping the all-round building of the party committees at all levels. We must intensify theoretic study. The leading cadres must take the lead in study and study a bit more and a bit more penetratingly. It is necessary to adhere to a series of basic systems of party leadership over the Army. It is imperative to adhere to the system of division of responsibility of the heads under the unified collective leadership of a party committee, to seriously implement democratic centralism, to put the inner-party democratic life on a sound basis, and to strengthen the unity of "a group of people" of a party committee. It is essential to further do well in grasping the building of an honest and clean government. Every member of a party committee must

set strict demands on himself and ensure that he is discreet in his life, is not greedy, does not gain extra advantage by unfair means, has clean hands, and acts as a model in honesty. It is necessary to perfect the system of inspection and supervision and to investigate and deal with the violations of the law and discipline without leniency, including the cases of taking advantage of power to seek personal gain, committing graft, receiving bribes, corruption, and degeneration, where they are discovered. It is essential to implement the principle of "four modernizations" in an all-round way and to persist in putting revolutionization above everything else. While strengthening the building of the party committee groups, we must do a good job in grasping education for the party members and building the ranks of cadres.

4. Improve Leadership Workstyle, Guarantee the Successful Accomplishment of All Tasks

It is necessary to seriously do well in investigation and study. We must go deep into the grassroots in a planned way and with deliberate purpose to do well in investigation and study and especially do well in investigation at selected grass-roots units. We must really reflect the true situation. We must seek truth from facts in publicizing typical examples, summing up experiences, or reflecting the situation without exaggeration or reduction. Those who conceal facts without reporting and practice fraud must be strictly investigated and dealt with; those who expose shortcomings, report bad yet true situation must be encouraged. We must do our work well and in a down-to-earth manner. We must make arrangements for our work, examine it, sum it up, and do it one by one well from start to finish.

Article Views Air Force Political Work

HK2603153190 Beijing JIEFANGJUN BAO
in Chinese 7 Mar 90 p 2

[Article by Wang Hai (3769 3189): "Attach Great Importance to Political Building To Guarantee That the Air Force Units Will Forever Be Politically Qualified"]

[Text] The questions of further strengthening political building in the new situation to guarantee that the Army will forever be political qualified that were studied in a concentrated way at an all-Army conference on political work this time have a bearing not only on the development orientation of armybuilding but also on the long-term peace of our country and are of important and far-reaching significance to strengthening and improving ideological and political work and pushing the all-round building of our Army forward. It is necessary to seriously study and implement the spirit of this conference in order to further push the forward the political building of the air force.

Yang Shangkun, first vice chairman of the Military Commission, pointed out: It is necessary to regard the enhancement of combat effectiveness as the starting point and foothold of reform and building of the Army and as a basic criterion for testing all aspects of work of

the Army. Adhering to the standard of combat effectiveness and improving the quality of the troops in an all-round way is a basic principle for the building of our Army. With the enhancement of combat effectiveness, the basic functions of our Army can be performed better. Weapons and equipment are the material foundation of the combat effectiveness of the troops; military training is an important way to enhance combat effectiveness; political work is the lifeline of our Army as well as an important guarantee of the enhancement of combat effectiveness. Strengthening the political firmness of the cadres and fighters and guaranteeing that the gun is really grasped in the hands of politically reliable people is a matter of prime importance to which attention must always be paid. Facts show that only by correctly understanding the standard of combat effectiveness, adhering to the all-round building of the troops, and vigorously strengthening political building can the troops maintain a strong spiritual pillar and exuberant fighting will and have a cohesive force and combat effectiveness.

The cadres at all levels and of all categories, especially the leading cadres, hold themselves responsible for strengthening the political building of the troops and guaranteeing that the troops are forever politically qualified. To do the ideological and political work of the troops well, we must first have better political quality ourselves; to require the troops to be able to stand "three tests," we must first have a firm proletarian stand and a high degree of political sensitivity ourselves; to require the troops to be politically qualified, we must first be really qualified ourselves. Only by so doing can we effectively exercise organizational leadership over the political building of the troops and strengthen the persuasive force and effectiveness of political work.

1. It is necessary to strengthen political study and to heighten political firmness. Under numerous and complicated circumstances, strengthening the study of Marxist theory appears to be more urgent and important. We must be determined to systematically study some works of Marxism, Leninism, Mao Zedong, Comrade Deng Xiaoping, and other revolutionaries of the older generation. At present, we must especially study Marxist philosophy; make efforts to have a good grasp of the Marxist standpoint, viewpoint, and method; enhance our ability to observe and analyze questions with the scientific world outlook and methodology; heighten our consciousness for implementing the party's line, principles, and policies; and enhance our systematicness, sense of principle, far-sightedness, and creativeness in our work. We must take a clear-cut stand in adhering to the four cardinal principles, combat bourgeois liberalization, and further strengthen our socialist and communist faith. According to the requirements for "being loyal to the party, being loyal to the country, being loyal to socialism, and being loyal to the people" that were put forward by Comrade Deng Xiaoping, we must consciously standardize our own words and actions; keep in line with the party Central Committee in politics,

ideology, and actions; and be able to withstand all tests of the political situation.

2. It is essential to consciously transform the world outlook and to wholeheartedly serve the people. In recent years, little stress has been laid on this issue, some people have relaxed the transformation of the world outlook, the idea of "doing everything for money's sake" has spread, individualism has gained ground, the spirit of bravely making sacrifices and willingly devoting one's life has diminished, and devotion to the revolutionary cause has been affected. Some individuals have even committed graft and theft, become morally degenerate, violated law and discipline, and embarked on a path of crime, and we must take warning from them. We must build up our party spirit, remember the aim of wholeheartedly serving the people, overcome and correct all wrong ideas, and put the stability of our country, the building of the troops, and the interests of the people above everything else. We must ardently love the troops and the grass roots and keep our minds on our work. We must correctly handle the relations between individual interests and revolutionary interests, share the cares and burdens of our country, and tide over difficulties together with all people of the whole country. All cadres, including middle-level and high-level cadres, must strengthen their consciousness for transforming the world outlook; learn, work, and remold themselves as long as they live; and exert efforts to be "a lofty person, a person of purity, a person of morality, a person divorced from vulgar taste, and a person useful to the people," as Comrade Mao Zedong said.

3. It is essential to strictly abide by discipline and to resolutely obey the commands of the party Central Committee and the Central Military Commission. "The party commanding the gun" is a basic principle of our army building that cannot be doubted or shaken at any time. A small number of people who stubbornly adhere to the bourgeois liberalization stand disseminate that the troops should be independent of the party and should not be involved in political affairs and advocate the "separation of the party from the Army" in an attempt to extricate our Army from party leadership. We must resolutely resist and oppose such fallacies. We must consciously safeguard the party Central Committee with Comrade Jiang Zemin as the core and the authority of the Central Military Commission and, under all circumstances, resolutely obey the commands of the party Central Committee and the Central Military Commission and successfully accomplish all tasks entrusted by the party Central Committee and the Central Military Commission. We must strictly observe political discipline, organizational discipline, and administrative discipline; strengthen our concept of the law and discipline; ensure that "the individual is subordinate to the organization, the minority to the majority, the lower levels to the upper levels, and the whole party to

the central authorities"; and resolutely combat all phenomena of not abiding by party discipline, military discipline, and political discipline.

4. It is imperative to struggle hard and to keep the true proletarian political qualities. Hard struggle is the cherished heritage of our Army and the political quality that every revolutionary soldier and Communist Party member must possess. In the course of reform, opening up, and developing the socialist planned commodity economy, we must especially place emphasis on fostering the spirit of hard struggle. We must strengthen our moral cultivation; resolutely resist the influence of decadent capitalist ideology, culture, and way of life; and strengthen our ability to resist corrosion in the face of money and material temptations. We must be strict with ourselves, be honest in performing our official duties, correctly treat and use the power in our hands, seek no personal privileges, and not take advantage of power to pursue private ends. Like Lei Feng, we must ensure "a high standard of work and a low standard of living"; foster the spirit of hard struggle, plain living, diligence, and thrift; combat extravagance and waste; and really establish the idea of leading a thrifty life for several years. We must embody the spirit of hard struggle in all aspects, study assiduously, ponder diligently, and immerse ourselves in hard work in a down-to-earth manner. It is necessary to have a good mental attitude and working attitude, to foster subjective initiative, to make efforts to do our work well, and to accomplish all tasks.

Economic & Agricultural

Commentary Views Current Economic Affairs

HK2003093590 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 Mar 90 p 3

[Commentary by Lu Zhenhua (7120 2182 5478): "The Angle of View of the 'Two Increases'"]

[Text] In the ancient Chinese City of Suzhou, there is an arhat statue whose facial expression looks entirely different when it is viewed from different angles. From the left, it looks as if it is crying; from the right, laughing; and, in front, neither crying nor laughing. This status inspires the people in the sense that matters are complex, and that different viewpoints usually result in radically different conclusions.

Recently, China has put forward some economic policies such as the tightening of fiscal credit, the purification of companies, the adjustment of exchange rates, and the improvement of revenue-collection from self-employed operators. Because of their different viewpoints, overseas people have drawn different conclusions from the measures. For example, how do they view the recently introduced policy of the "two increases", i.e., the gradual increase of the proportion of state financial revenues in the national income, and the gradual increase of the

proportion of central financial revenues in the total financial revenues? Their conclusions are very different. While some people view the "two increases" as a significant measure to promote the continuous, stable, and coordinated development of the national economy, others believe it represents a recession in the country's past policies of decentralization and reform.

However, it would not be difficult to see through the real objectives of the "two increases" if one makes an effort to understand the various reasons for the introduction of the measure. China is a developing country with a mammoth population. Food and construction are two major issues of the entire population. While the recent years have seen marked improvement in the resolution of living concerns such as food, the country's new-found adequacy has given rise to new problems. The growth rate of the national income distribution exceeds that of the development of national production, and the proportion of state financial revenues in the national income has dropped from 70 percent in the 50's to some 47 percent last year. The expansion of local sovereignty has resulted in an increase in fiscal revenues in localities. Therefore, while the state is most eager to support key construction projects, and various budding trades and industries with its financial revenues, it is actually easier said than done. How can we solve this problem? There are two major solutions: 1) Domestic and overseas loans; 2) the gradual implementation of the "two increases".

While the "two increases" are bound to affect the interests of localities and individuals, the measure can achieve, from the viewpoint of the state's long-term interests, the objectives of strengthening the nation and improving the people's livelihood. It is a very wise policy which benefits both the state and the people.

If a person judges a matter to be positive or negative, or good or bad without first trying to understand its cause and effect, and the complicated changes in its situation, then the conclusion drawn by that person on that matter is apt to be biased, and there would be another story similar to that about the arhat. China has a wealth of maxims, such as "read extensively and listen carefully", and "the present is influenced by the past, and the past has a bearing on the future". The review of government policy, economic policy and economic activities all operate under such theories.

Economic Restructuring Plans Studied Again

HK2303081890 Hong Kong CHING CHI TAO PAO in Chinese No 10, 12 Mar 90 p 9

[Article by Yi Chief (0001 0094) in "Informed Source Forum", filed on 8 March: "Planning of the Economic Restructuring for the Eighth Five-Year Plan Is Taken Up Again"]

[Text] The work of studying and designing the economic restructuring program for the period of China's "Eighth Five-Year Plan" (from 1991 to 1995) was held up since last May. However, Chinese principal leaders clearly

instructed recently that we should lose no time in studying how we push forward the tasks of reform and opening up to the outside world, and that we should draw up a plan for economic restructuring while working for the "Eighth Five-Year Plan" for economic development.

It has been learned that the plan for economic restructuring during the Eighth Five-Year Plan" will by and large cover two periods. During the first period covering 1991 and 1992, major efforts will be made to enrich, readjust and improve the existing reform measures to serve the work of economic improvement and rectification, and generally speaking, there will be no new major reform measures to be taken. During the second period beginning from 1993 to 1995, after social stability and economic environment are improved, it will be likely to adopt some reform measures of fundamental importance to quicken the pace of changing the economic mechanism.

When working out plans for reform at present, we should first and foremost solve three major knotty problems. First, some major contract systems which are under execution (the enterprise contracted production responsibility system, the foreign trade contracted system and the financial contracted system by the central and local authorities) can play a positive role but also have many malpractices, it is imperative to replace these malpractices by some more rational and standard methods but this should readjust vested interests of different quarters in society and will certainly meet with strong resistance. Second, we should thrash out differences of opinion regard how to determine the scope of the state planned management and regulation through the market in the areas of production, circulation and distribution but it is very difficult to do so. Third, the negative role of the "double-track" price system has become more and more serious but it is absolutely not easy to abolish it and introduce either a unitary system of planned prices or a unitary system of the market economy. So far no solution has been sought for the three knotty problems and more efforts should be made to approach them in a deep-going way.

Article Details Military Budget

HK2003020390 Hong Kong HONGKONG STANDARD in English 20 Mar 90 pp 1, 4

[Text] Chinese Finance Minister Wang Bingqian will present a budget tomorrow which blames last year's political turmoil for the downturn in the economy and drastically boosts defence spending.

He will also propose a host of measures, including a big review on all aspects of the economy, to put China's economy back to a firmer footing.

The budget, a copy of which was obtained by THE HONGKONG STANDARD last night, will have a deficit of 8.9 billion yuan (about \$24 billion) down from last year's 9.5 billion yuan.

The budget will give a 15.2 percent boost to defence spending to 28.9 billion yuan for 1990, up from 25.1 billion yuan in 1989.

The increase reversed a downward trend in defence spending over the past few years.

Chinese sources said this was a direct result of the June 4 military crackdown.

The boost, the sources said, is a move by the party central to improve the life of army personnel for their loyalty.

Increases in education spending are dwarfed by the defence boost.

It will be increased to 59.7 billion yuan from last year's 55.8 billion yuan, up 6.9 percent.

The rate of increase will be significantly lower than that of the 10.1 percent last year.

This was seen here as an indication of an effort by the central government to cut back on its direct education subsidy.

Sources said the policy now is to encourage education funding by the community at large and by individuals.

When he presents his budget tomorrow Mr Wang will propose to spend 7.9 percent more on agriculture, boosting the budget from 19.9 billion yuan to 21.4 billion yuan this year.

The total proposed revenue will be 323.6 billion yuan, an increase of 10.9 percent from last year's 291.9 billion.

Mr Wang said the general state of the country's financial situation had been affected by the "political turmoils and counter-revolutionary activities" which had "seriously disrupted the austerity programme".

Mr Wang's budget will blame those activities for a "drop in revenue and a rise in expenditure".

He will propose a total expenditure of 316.1 billion yuan, a marginal increase of 4.8 percent over last year's 301.4 billion yuan.

This small increase is partly to brace China for the repayment of foreign debts, which will enter a "peak period" in the fiscal year in question.

China is due to repay seven billion yuan this year compared to 4.5 billion yuan last year.

On top of this, the government will also have to repay 12.4 billion yuan in domestic debt. This compared with last year's 2.68 billion yuan.

China's fiscal year follows the calendar year.

Mr Wang will be proposing a host of revenue-boosting and expenditure-cutting measures.

These will include:

- Industrial enterprises striving to exceed their assigned production quotas.
- Launching a campaign to increase income and to cut down on spending.
- Continuing the present austerity programme by tightening control or even cutting down on non-strategic expenditures.

Foreign Debt Reportedly Under Control

HK2003021590 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 20 Mar 90 p 4

[By Willy Wo-lap Lam]

[Text] Chinese officials claim that the country's foreign debt has now been brought under control at U.S.\$40 billion, the same as in the previous year.

An official from the State Administration of Exchange Control said yesterday that the debt-service ratio stood at 15 percent and the debt ratio at 85 percent—far below the warning point of 25 percent for the debt-service ratio and 100 percent for the debt ratio.

Of the total debt, short-term debts with terms of less than one year accounted for 10 percent, while medium-and long-term loans made up 90 percent, he said. "Thus, there is no problem about repayment."

He added that "the mix of foreign debts is also rational—since the debt is made up of more than 20 foreign currencies, though U.S. dollars and Japanese yen account for 80 percent of the total."

Analysts here ascribed China's success in debt control to tightened control and supervision over foreign debt, particularly the limitation of access to foreign borrowings to only 10 organisations.

The central bank is responsible for borrowing and repaying loans from the International Monetary Fund and Asian Development Bank, and the Ministry of Finance has kept control over World Bank loans.

The Ministry of Foreign Economic Relations and Trade is still empowered to negotiate foreign government credits and the Finance Ministry is drafting new measures for the allocation of these loans.

Although China will enter a foreign debt repayment peak in the early 1990s, especially in 1992, and will have to repay \$8 billion in both interest and principal, officials say there will be no problem on this score.

Mr Liu Zhongli, Vice-Minister of Finance, said: "China will not have any difficulty in repaying foreign debts in the 1990s because the debt service ratio will stay below 20 percent, though the debt will grow a little bit."

To ensure the repayment, the Chinese Government has taken measures to expand exports, including devaluing the yuan 21.2 percent at the end of last year.

At the same time, China intends to take out a certain amount of new loans to repay old ones and establish a foreign debt repayment fund.

Meanwhile, China's petroleum output is expected to reach last year's record level of 137 million tons, the CHINA DAILY reported yesterday.

The newspaper quoted Mr Jin Zhongchao, vice-president of the national Petroleum and Gas Corp, as saying more money and manpower would be poured into existing oilfields in eastern China in the next five years.

China's largest oilfield, Daqing, which accounts for 40 percent of the country's total output, was targeted to produce 365 million barrels of crude oil annually for the next 10 years, Mr Jin said.

At the same time, more foreign money would be put into offshore drilling, he said.

Foreign corporations invested U.S.\$180 million in exploration and development of offshore oil in the South China and Bohai Seas last year.

Central Bank To Support Foreign Joint Ventures

HK2303025190 Beijing CHINA DAILY in English 23 Mar 90 p 2

[By staff reporter Ren Kan]

[Text] The Bank of China is planning to help foreign-funded ventures through the current cash crunch by increasing outstanding working capital loans by 1.9 billion yuan (\$404 million) and \$200 to \$300 million in hard currency this year.

To increase the outstanding loans means the bank this year will be extending more short-term working capital loans to foreign-funded ventures than last year, CHINA DAILY has learned.

This measure aims to give a shot in the arms of foreign-funded ventures to ensure that those who have started operation can continue to operate smoothly.

Foreign-funded ventures have been troubled with the slump market and money shortage since the government started the austerity programme in 1988.

Last year, the bank supplied 8.8 billion yuan (\$1.87 billion) and \$650 million in hard currency to foreign-funded ventures.

By the end of last year, the bank's outstanding working loans had reached 8.6 billion yuan (\$1.83 billion) and \$2.5 billion in hard currency.

The 1.9 billion yuan (\$404 million) and \$200 to \$300 million represents rises of 27 and 30 percent respectively over last year's planned increase.

This year's increase comes when the bank, specializing in foreign exchange, is planning to increase its total loans by "a small margin."

Meanwhile, the bank this year will continue to extend the 400 million yuan (\$85 million) medium and long-term loans which started last November.

The loans will be used for capital construction and expansion of hundreds of Sino-foreign joint ventures.

The Bank of China is supporting more than 4,000 foreign-invested firms with 10 different forms of loans.

Affected by the credit policy, the bank itself finds it hard to meet all credit requests.

Thus, it will give priority in loans to those firms whose products can be exported.

Projects which have top priority in receiving loans also include:

Those whose products can be used as import substitutes;

Those who have advanced technology to update China's existing industrial facilities, and;

Those who are involved in the fields of energy, telecommunications, transportation and the materials industry.

Roundup Examines Special Zones' Role

OW1703051690 Beijing XINHUA in English
1144 GMT 16 Mar 90

["Roundup: Special Economic Zones Lead China to Outside World (by Correspondent Li Lubo)"]—XINHUA headline]

[Text] Beijing, March 16 (XINHUA)—In 1980, bulldozers roared into the small border town of Shenzhen to level off miles of rocky hills and swamps for the construction of China's first special economic zone.

A decade later, the former backyard of Hong Kong has turned into a modern industrial city which catches worldwide attention with its record economic growth and an impressive skyline that well matches most world metropolises including Hong Kong itself.

What is more, the success of Shenzhen has inspired China to add four more special economic zones to its southern coast, namely Zhuhai and Shantou in Guangdong, Xiamen in Fujian and Hainan Island, which was made a province as well as a special economic zone in 1988.

Pioneering China's open policy, the five zones have already established an export-oriented manufacturing economy and serve as the country's cutting edge in approaching the world market.

Statistics show that the five zones' exports amounted to 3.85 billion U.S. dollars worth in 1989, about 10 percent of the country's total, while their seven million residents account for far less than one percent of China's whole population.

Improved infrastructure and favorable policies have made the five zones most attractive to overseas investors. By the end of last year, foreign-invested firms approved there totalled 5,700 with 9.4 billion U.S. dollars in contracted investment, and the actually made investment amounted to 4.1 billion U.S. dollars, one-fourth to one-third of the country's total.

The five zones have also expanded their cooperation with other parts of the country in terms of information, technology, capital, production and personnel, promoting their development and leading them to the world market.

Shenzhen alone set up 4,000 joint ventures with partners from other parts of the country, which generated a net income of two billion yuan in the past decade. The city also provided 700,000 jobs for people from the hinterland, whose remittance back totalled four billion yuan.

Compared to China's industrial growth of 8.3 percent last year, industrial output in the five zones amounted to 30 billion yuan, with Shenzhen's rising 31 percent to hit 16 billion yuan. Their revenue and foreign exchange earnings have also made dramatic increases.

Besides, the five zones have initiated various reforms of China's traditional economic system in a bid to create a good investment climate in line with international business practices.

Ten years after China opened its door to the outside world, the five special economic zones no longer stand alone today but together with 14 coastal cities and other open economic areas along the coast-belt, which all broke away from long-time isolation and opened themselves to international exchanges.

In February this year, a high-level meeting was held in Shenzhen by the State Council, which reaffirmed its commitment and support to the special economic zones and their basic policies. It is widely expected that the special economic zones will not only grow faster in the coming decade but also play a bigger role in pushing the country further open to the outside world.

Commentary Discusses Market Regulation in SEZs

HK2603042190 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 15 Mar 90 p 3

["Economic Commentary" by Liu Luyan (0491 7627 3601): "On Market Regulation in Special Economic Zones"]

[Text] The National Work Meeting on Special Economic Zones, which concluded not long ago, once again stressed that the special economic zones, in developing an export-oriented economy, must fully perform the role of market regulation under the guidance of planned economy. Under China's current economic policy, whether market regulation in the special economic zones

can perform its function in a more flexible way and wider scope, has once again become a popular topic at home and abroad.

The economic activities in the special economic zones cannot contradict the operational mechanism built by integrating planned economy and market regulation. However, the special zones, in order to develop an export-oriented economy, have to take part in international exchanges and competition. Their funds, sources of raw materials, and markets are from overseas; their production and distribution are mainly restrained by supply and demand in the international market, which also influences commodity prices; while the fate of enterprises is closely linked to the international market. These above-mentioned special characteristics demand that the special zones build a market regulation mechanism adapted to international practice, step by step. That is, within the basic framework of operation of a socialist planned commodity economy, they must differ from the interior, enabling market regulation to play a bigger role.

The adoption of more flexible measures by the special zones to enable market regulation to play a bigger role is not just beginning today, but has been a policy promoted step by step alongside the reform and opening up. This policy on developing the function of market regulation is not only necessary, but also workable. Since 1986, the special zones, on the basis of continuing improvement of the reform measures announced several years ago, have implemented the corresponding reform, allowing market regulation to play an active role. Regarding the invigoration of finance, the foreign exchange regulation center was established, and the share market opened; regarding the ownership system of property rights of enterprise, the experimental share-holding system for state-run enterprises was implemented, and shares sold in open market; regarding the transfer of land, payment for use of land was practiced through bidding and public auction; regarding administration and management, "small government, large society" was promoted, "strengthening rules, policies, and economic measures, reducing administrative interference, and expanding market function etc. Even under the condition of economic retrenchment throughout the whole country in 1988, the special zones made big progress in exploring the development of the role of market regulation. For example: the practice of the transfer of property rights and the invigoration of stock and assets; the enhancement of the share system in a steady manner; the change of the expanded consumption endowment funds into enterprise capital; and the promotion of the commercialization of houses etc. The appropriate expansion of the function of market regulation has promoted the development of an export-oriented economy in the special zones.

Although the special zones have acquired certain successful experience in developing the function of market regulation, we cannot say they should stop there. Many economists at home and abroad want the special zones to

be brave in exploration, let the hand of market regulation play its function, and promote the development of an export-oriented economy at a quicker pace. This is also the common wish of the senior and lower levels throughout the whole country.

Special Economic Zones Demand More Local Power

*HK2703084590 Hong Kong MING PAO in Chinese
27 Mar 90 p 8*

["Special dispatch" from Beijing by staff reporter: "Shenzhen and Shantou Mayors Complain That the Central Authorities Are Gradually Taking Back Local Power"]

[Text] Yesterday, mayors of the Shenzhen and Shantou Special Economic Zones appealed to the Chinese Government to keep the basic policies on special economic zones unchanged, to provide more autonomy for them, and to introduce some new reform measures. During a discussion held by the Guangdong delegation to the National People's Congress yesterday, Shenzhen Mayor Li Hao said that the key to developing special economic zones is to keep the basic policies on these zones unchanged and to maintain the stability and consistency of these policies. He did not refuse changes but remarked that basic policies should remain unchanged; if detailed policies are changed, this change should be favorable to the development of special economic zones and the rest of the country. Li Hao said: "If there are no policies on special economic zones, there will be no policies on economic development zones in Guangdong, Fujian, or Hainan, nor will there be any policies on open coastal cities. This could be unfavorable to the development of the country.... Special economic zones without policies on special economic zones are not special economic zones."

Shantou Mayor Chen Yanfa yesterday complained that the "special" features of special economic zones in Guangdong, Fujian, and Hainan are diminishing. For example, special economic zones are enjoying less and less rights in examining the scale of capital construction and issuing export licenses; the central authorities have withdrawn much of local power.

It is unfortunate that much of Guangdong's power has been withdrawn, because Guangdong is a comprehensive reform experiment ground, Chen Yanfa said. In foreign trade, the state export plan contradicts the quota of licenses, he added. For example, Shantou's quota of licenses is only 60 percent of its export volume. Now 235 categories of commodities in the country need export licenses. Originally the province could issue licenses for the exports of 160 categories of these commodities, but now it can only issue licenses for about 50 categories. It will cost much to travel to Beijing for application and back again.

On foreign trade structural reform, Chen Yanfa pointed out that the foreign exchange retention percentage for

special companies operating under the contracted responsibility system had been changed. The state will take 22 percent, without providing subsidies for losses. Losses have to be made up by regulating foreign exchange. But once the quota is fixed, it has to be put into effect for three years, during which commodity prices abroad keep changing, as do bank interest rates. This will cause a rise in the cost of foreign exchange. In addition, it has not been confirmed who will exercise management over wholly owned enterprises, therefore when problems crop up, no one will take up the complaints lodged. Although some joint ventures are cooperating, no law on joint ventures is available yet. There are departments at the higher levels, but they do not tally with the needs of joint ventures. If an enterprise is dissolved or announces its bankruptcy, there is no law to go by. He hoped that responsible departments will be set up for wholly owned enterprises.

Guangdong Vice Governor Yu Fei raised three suggestions on developing the province's economy. He proposed that the Special Economic Zones Office under the State Council hold a discussion with special economic zones and coastal areas on which part of the open policy should be adjusted. He pointed out that this mainly involves internal profit distribution, such as the percentage the central government should take and the percentage local governments should retain. His second suggestion is improving the investment environment, and the basic point is ensuring that foreign investors on the mainland will benefit as much as they do in other countries, Hong Kong, and Macao. His last suggestion is encouraging exports, which involves improving administrative measures for export licenses.

Also present at yesterday's discussion was He Chunlin, director of the Special Economic Zones Office. After the discussion he revealed to our reporter that the policies on special economic zones had not changed. The success of special economic zones is actually an epitome of the success of China's policy of reform and opening up. A meeting on the work of special economic zones also reiterated that the policies on special economic zones would remain unchanged.

He stressed: "Apart from being beneficial to their own progress, the development of special economic zones will, in the final analysis, stimulate the country's economic development; they will become bridges and channels linking China and the world." On special economic zones' contributions to the central government, he said that these zones will increase the amount of money they deliver to the central authorities. But he did not cite a detailed percentage.

Joint Ventures Seminar Opens in Beijing

HK2203024490 Beijing CHINA DAILY in English
22 Mar 90 p 1

[By staff reporter Ma Zhiping]

[Text] About 100 Chinese and foreign joint venture managers met in Beijing yesterday to exchange management experiences for better co-operation in the future.

Along with the steady progress of joint ventures, more and more managers have come to see the different styles of managers because of different cultural backgrounds and enterprise management researchers have begun to study the problems that have arisen in order to seek a smoother development of joint ventures in China.

The two-day meeting was arranged to provide an opportunity for Chinese and foreign joint venture managers to exchange experiences in enterprise management and friendship co-operation.

Studies on joint venture management made by researchers from the China Enterprise Management Association and the China European Management Institute, which co-sponsored the meeting, were also presented.

The researchers gained positive results after more than one year's study of Chinese and foreign managers from 30 sample joint ventures in the municipalities of Beijing, Shanghai and Tianjin.

Liu Hongru, deputy head of the State Economic Reform Commission said holding such a seminar at a time when China's economy has gained remarkable improvement has much significance in promoting understanding and trust between the two sides of the joint ventures and enhancing the development of joint ventures.

From 1979 to 1989, foreign businessmen have directly invested \$15.5 billion in 21,776 projects in China. Among these, 12,201 are joint ventures, 7,991 are co-operation management enterprises and 1,525 are businesses with pure foreign investments, according to statistics.

Joint venture managers will discuss and make suggestions on improving the macro investment environment and management, especially the internal management and the adaptability of the co-operating partners, which are receiving wide attention as China's investment and management environment are improving gradually.

Debate on Easing of Money Supply Reported

HK2303021990 Hong Kong SOUTH CHINA
MORNING POST in English 23 Mar 90 p 13

[By Willy Wo-Lap Lam]

[Text] Intense arguments have arisen within the inner circles of the Communist Party concerning the extent to which the central Government should loosen credit and money supply.

Central planning-oriented cadres, led by Mr Song Ping, a member of the Politburo Standing Committee in charge of organisation matters, have expressed reservations

about relaxing the retrenchment policy, which Prime Minister, Mr Li Peng, recommended in his Government Work Report on Tuesday.

At the same time Mr Song has underlined the imperative of self-reliance, as against excessive reliance on foreign loans and investments to boost economic development.

Mr Song, 72, yesterday warned against the indiscriminate relaxation of the tight money policy, which was first imposed on China in late 1988.

"Mr Li Peng has raised the point of adequately loosening up the money supply," he said.

"One must never interpret this relaxation as (licence to) make available money across the board without distinguishing trades and product lines.

"Funds should only be used for sectors that really need development and support."

According to Chinese analysts, senior cadres who insist on a continuation of the tight money policy include Mr Yao Yilin, another member of the Politburo Standing Committee, and members of the State Planning Commission (SPC), which both Mr Song and Mr Yao had headed.

Chinese sources say that until late last year Prime Minister Li, a close ally of Mr Yao, had resisted pressure to loosen up credit.

However, bowing to political pressure—especially over unemployment and lobbying from powerful leaders of the coastal provinces, whose economies are hit with a recession—Mr Li had decided to compromise.

Last November Mr Yao was relieved of his SPC job and a relative moderate, Mr Zou Jiahua, took his place.

"Ideologically, orthodox planners like Song Ping and Yao Yilin find it difficult to accept the pleas of the coastal leaders," a Western diplomat said.

In his interview with the Chinese press, Mr Song also elaborated on the famous autarkist (economic self-sufficiency) approach to national development, which was first introduced by Chairman Mao Zedong in the late 1950s.

"China must insist on the open door policy and learn from the advanced science and technology of the West, but it must not rely on foreign countries," Mr Song said.

He pointed out that China must rely on "hard work and plain living in building up socialism with Chinese characteristics".

"We must work seriously and be prepared to spend 10 times the efforts of others," he said. "If we have this kind of determination and national spirit, we can build up a strong China".

More moderate regional leaders have endorsed Mr Li Peng's efforts to pump more money into the economy.

Mr Zhang Haoruo, Governor of the southwest Sichuan province, noted yesterday that only with a relatively stable economic growth rate will the people be pacified.

"The fundamental task of socialism is to boost productive forces," Mr Zhao, a former vice-minister of foreign economic relations and trade, said.

"When production is well developed and people have enough food, full employment, and a chance to make money, many contradictions can be ameliorated and social stability maintained."

Mr Zhang added that Sichuan had to make "proper arrangements" for workers in idle factories.

"The Government has the responsibility to meet the basic needs of these workers," he said, "but the final way out is to boost production and improve the economic performance of the enterprises."

Provincial leaders from coastal provinces have also expressed support for Beijing's decision to reflate the economy.

Government Prepared To Repay Domestic Debts

*OW1603145190 Beijing XINHUA in English
1102 GMT 16 Mar 90*

[Text] Beijing, March 16 (XINHUA)—The Chinese Government is prepared to repay more than 10 billion yuan in domestic debts owed to individuals, a government official said here today.

Zhang Jialun, a deputy director from the Ministry of Finance, said "the government has already set aside more than 10 billion yuan in the state budget to cover debts that are due this year."

By the end of 1989, the domestic debt paper, issued by the government in the past nine years to accelerate economic construction, especially energy, transport and raw materials, had grown to 80 billion yuan.

The debt includes 51 billion yuan in state bonds, 5.4 billion yuan in key project construction bonds and 6.8 billion yuan in financial bonds.

Bank of China Plans To Begin Issuing Bonds

*HK2703154990 Beijing CEI Database in English
27 Mar 90*

[Text] Beijing (CEI)—The Bank of China has decided to issue one billion yuan worth of financial bond starting April 1, the bank sources here said.

The bond, issued throughout the country, can be transferred or mortgaged and personal income from the bond interest will be tax free, the sources said.

The bond terms are divided into one year, two years and three years. The interest rate of one-year and two-year term bonds is two percentage points higher than deposits of the same terms while that of the three-year term bond is one percentage point higher than the value-preserving deposit. The bond can be cashed with interest one year after it was bought.

CEI learned that the Bank of China has issued a total 2.5 billion yuan worth of bonds over the past three years. The funds thus raised have been put into foreign trade enterprises and foreign-invested firms.

People's Bank To Tender More Loans This Year

OW2303194890 Beijing XINHUA in English
0934 GMT 23 Mar 90

[Text] Beijing, March 23 (XINHUA)—The People's Bank of China will increase its loans in the first half of this year from the original 30 billion yuan to 55 billion yuan.

Li Guixian, state councillor and governor of the bank made the announcement here today at a National People's Congress [NPC] panel session attended by deputies from northeast China's Liaoning Province.

In 1990, Li said, efforts will be made to adjust the credit structure, speed up the circulation of working capital, and introduce timely readjustments.

The above loans will go to support the development of agriculture, energy, communications and transportation, and raw materials; the production of large and medium-sized key enterprises; the purchase of agricultural and sideline produce and export products; the key projects with fixed investment covered by the state plan; and the production of daily necessities and commodities in short supply.

In his report on the government work to the current NPC session Tuesday, Premier Li Peng said that the State Council has decided to properly relax money control without prejudicing efforts to retrench expenditures and increase credit loans.

Li Guixian said in January and February, the deposits and loans of banks and credit cooperatives kept increasing. By the end of February, the various deposits had increased by 34.1 billion yuan, up 3.4 percent over the corresponding period of last year, and the industrial and agricultural credit loans had increased by 5.3 billion yuan and 5.3 billion yuan respectively, up 1.3 percent and 5.4 percent.

China's urban and rural savings deposit set a new record in 1989, registering an increase of 133.4 billion over 1988.

Compared with 1988, the banks last year granted extra loans of 27.5 billion yuan to state-owned industrial enterprises and materials supply and marketing firms, 21.3 billion yuan more for the purchase of grain, and 5.2

billion yuan more for export business. The increase was the highest in the past few years.

Li said that the interest rates of loans and savings deposit will be reduced with a view to tackling the problems of sluggish market, overstock of commodities, and shortage of funds in enterprises.

The State Council has decided that, from March 21, the loan interest rate is lowered by 1.26 percentage points, and that of loans for circulation cut from 11.34 percent to 10.08 percent.

From April 1, Li announced, the banks will resume their honoring of collection on debt payment to help big and medium-sized enterprises operating under state mandatory planning collect their debt payments.

On the other hand, Li said that banks will continue to handle inflation proof savings deposit business in order to ensure steady growth of savings deposit.

He continued that there has been a turn for the better in the financial order. A total of 302 companies handling nonfinancial business have been abolished, inspection and checkup on financial work stepped up, irrational competition for savings deposit business stopped, and a number of law-breaking cases dealt with.

Commerce Minister Predicts Turn for Market

OW2703170990 Beijing XINHUA in English
1603 GMT 27 Mar 90

[Text] Beijing, March 27 (XINHUA)—Chinese Minister of Commerce Hu Ping predicted here today that China's present sluggish market is expected to take a favorable turn sometime between spring and summer this year.

In an exclusive interview with XINHUA, he cited market experts as forecasting that the country's general market situation this year will be a slight drop in the social retail sales volume in the first quarter of the year, an initial recovery in the second quarter, and a possible move out of the bottom in the latter half of the year.

He said, "we believe that the market should be both stable and prosperous, and we are confident that such a situation will come."

The minister said the present sluggish market is to some extent an expected, inevitable negative effect of the economic austerity and economic rectification.

Since the beginning of this year, he said, the government has adopted a series of policies and measures to improve macro control and regulation so as to stabilize the economy and maintain social stability, such as a proper increase in investment, readjustments in interest rates for enterprises' bank deposits and loans to them, a proper relaxation in the control of institutional spending, the breaking of "debt chains" between enterprises and the restoration of the system of banks' honoring of collections.

Such measures to speed up the flow of funds will certainly promote commodity circulation, and it is the background for an anticipated favorable turn for the market, he said.

He pointed out that total demand exceeding total supply is still the basic contradiction in the market this year, and both shortage and overstocking will coexist in the commodity structure.

China's market started going slow since early summer last year, Minister Hu Ping said, however, normal consumption demands could only be postponed but never eliminated.

For instance, he said, each year more than 20 million babies are born, and more than 10 million young people get married. Such a big population needs a lot of consumer goods. When some effective measures are taken, consumers will do shopping normally.

He said that this year commercial departments in all parts of the country have been actively purchasing products, playing the role of a "reservoir" to support industrial and agricultural production.

By the end of last February, his ministry's commodity stocks saw a 16 percent increase over the same period of last year, he said, adding the rate of purchase exceeded the growth of production, thus ending the situation in last year's fourth quarter when both purchase of products and retail sales were sluggish.

But the minister said that in the latter half of this year there might be partial shortage of goods and some minor fluctuations in the market.

He pointed out that the sluggish market since last year is a result of the inertia of a "brake-slammings" in the economy, money supply and credit. "At present, a slow, careful readjustment is necessary but a quick turn should be prevented. Otherwise, problems would occur," he said.

Ministry Describes 1990 Domestic Market

OW2003135290 Beijing XINHUA in English
0824 GMT 20 Mar 90

[Text] Beijing, March 20 (XINHUA)—The total sales volume of China's domestic market will go down in the first quarter of this year, slightly up in the second, and may later on shake off the sluggishness it has been burdened with since the latter half of last year.

This was predicted recently by the Information Center of the Ministry of Commerce.

The prediction shows that, in comparison with 1989, the country's total sales volume this year will be two to three percent lower in the first three months, probably five percent higher in the second quarter, and will continue to go up gradually in the rest of the year.

Zhang Shuping, director of the center and deputy chief of the Planning Department of the ministry, said recently that several factors may contribute to the predicted rise, such as pay rises in many enterprises and institutions, and efforts by central and local governments to improve market supplies and increase of output of commodities in demand on the market.

He also pointed to the central government's measures including appropriately loosening control over institutional purchases, while the government continues to carry out the policy of tight control over financial expenditure and bank loans.

He said that the government will continue to make efforts to stabilize the market and try its best to support industrial production and increase the purchase of agricultural goods.

Commercial departments across the country will try hard to increase their sales, while wholesale right will be restored to some collectively and individually owned shops to add more commercial channels, he said.

Rural Enterprises Seen as Developing Steadily

OW2103132690 Beijing XINHUA in English
0729 GMT 21 Mar 90

[Text] Beijing, March 21 (XINHUA)—China's rural enterprises, now a pillar of the country's rural economy, are developing steadily in the on-going economic rectification.

Latest statistics show some 20 million rural enterprises throughout China scored 750 billion yuan in output value last year, up by 15.9 percent over 1988 and accounting for more than half of the national total agricultural output value, with their industrial output value rising by 14.4 percent to 518 billion yuan.

"The rural enterprises made record achievements and contributions to the country while experiencing a most difficult period last year," said a Chinese Government official in charge of the country's rural industries.

By the end of last year, the rural enterprises had employed more than 92 million peasants who left the fields. They invested some 20 billion yuan in various rural undertakings and accounted for more than half of the increase in the per capita net income in rural areas in 1989.

Rural enterprises emerged in China in the 1950's and had a rapid development in the 1980's after the country adopted the policy of reform and opening to the outside world.

In the past decade, the rural enterprises, which operate mainly according to market demands, have paid 114.5 billion yuan in taxes to the state. Since the enterprises were founded by peasants or rural collectives, they have saved a total investment of 590 billion yuan for the state.

In the same period, the rural enterprises also provided a total of 68.4 billion yuan for the construction of various undertakings in rural areas.

According to Wu Guiyun, head of Shunyi County in the outskirts of Beijing, rural enterprises have since 1987 provided 200 million yuan for the purchase of farming machines, thus helping achieve initial farming mechanization in the county.

Wu said that without the rural enterprises, it would be impossible for the county to make such a big input into agriculture in the last few years.

However, rural enterprises have been facing problems such as irrational industrial and structure and product mix. [sentence as received] In some enterprises, poor management has resulted in serious pollution, wastes of energy and materials, and low quality of products.

Last year, the state strengthened macrocontrol over rural enterprises while implementing the economic revamping. More than three million rural enterprises closed or merged and the construction of 20,000 village and township enterprises was postponed, owing to their production of unsalable products, high energy and materials consumption and poor economic performance and management.

Last year, the state also tightened control over funds, energy and materials to be supplied to rural enterprises.

A sluggish market and shortage of funds added to the rural enterprises difficulties.

However, the rural enterprises still made good progress in face of unfavorable conditions by readjusting their industrial and product structures, improving management, conducting technical renovation, raising product quality and developing products for export.

In his government work report to the third annual session of the Seventh National People's Congress now going on in Beijing, Chinese Premier Li Peng reaffirmed the role played by rural enterprises in developing the rural economy, creating new jobs and raising the peasants' living standard.

He urged governments at all levels to continue to give support and guidance to rural enterprises.

Seven Regional Economic Groups Taking Shape

HK2003141990 Hong Kong HSIN WAN PAO in Chinese
12 Mar 90 p 4

["Special dispatch": "Experts Hold That Seven Major Regional Economic Groups Are Gradually Taking Shape in China"]

[Text] Beijing, 12 Mar (HSIN WAN PAO)—According to the prediction of some experts, seven major regional economic groups will gradually take shape on the basis of the current economic zones.

The first economic group includes the iron and steel, petroleum, heavy-duty machine building, motor vehicle, and aircraft industries in northeast China. The geographical scope of this group covers Liaoning, Heilongjiang, Jilin, and the four leagues of Nei Mongol in the eastern part.

The second group includes coal, petroleum, electronics, chemical, and textile industries in northern China, and covers Beijing, Tianjin, Hebei, Shanxi, and the four leagues of Nei Mongol in the central part.

The third group includes machine-building, textile, electronics, chemical, and light industries in eastern China, and covers Shanghai, Jiangsu, Zhejiang, Shandong, Anhui, and Jiangxi.

The fourth group includes iron and steel, machine-building, nonferrous metallurgical, and motor vehicle industries in central China, and covers Hubei, Hunan, and Henan. Jiangxi Province can also be included in this group.

The fifth group includes electronics, food processing, petroleum, and light industries in southern China, and covers Guangdong, Guangxi, Fujian, Taiwan, and Hainan.

The sixth group includes war industry, machine-building industry, nonferrous metallurgical industry, and motor vehicle industry in southwest China, and covers Sichuan, Yunnan, Guizhou, and Tibet.

The seventh group includes petroleum, chemical, nonferrous metallurgical, and textile industries, and covers Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang, and one league of Nei Mongol in the western part.

The experts held that the eventual forming of these seven major regional economic groups will still require efforts in several years.

Conference Held on Surplus Labor Problem

HK2403050090 Beijing CHINA DAILY in English
24 Mar 90 p 2

[BY staff reporter]

[Text] A group of Beijing-based senior economists and agricultural experts yesterday advocated more moderate use of capital and technology as a way to stop the expansion in Chinese surplus labour.

At a meeting to appraise a research project entitled "Transfer of Surplus Farming Labour and the Chinese Modernization Process," they suggested a policy of "medium-level capital accumulation and the highly-efficient use of funds and appropriate technology."

They anticipated that under such a policy, farming labour would drop at an average annual rate of 1.3 percent, and by 2020 farmers would drop to 26.4 percent of the total Chinese labour force.

At present, one third of the Chinese labour force is idle. Following the closure of 3 million rural enterprises last year, 3.5 million surplus farmers had to return to the fields.

In a report submitted to the meeting, experts said that moderate accumulation of capital would facilitate quicker technological progress. But advanced technology should not come as a result of shrinking markets, the obstructed flow of energy resources, and favourable treatment to a few enterprises and industrial sectors, they said.

Labor Service Network Should Help Employment

OW2103050890 Beijing XINHUA in English
0455 GMT 20 Mar 90

[Text] Beijing, March 20 (XINHUA)—A nationwide labor service network is being established to help improve employment in China, according to the Ministry of Labor.

The network, now called the "Employment Agency," will have more than 3,000 subagencies located in 28 provinces, municipalities, and autonomous regions—almost one in every county.

These agencies will help find workers in need and job seekers to find appropriate work, according to Li Yanni, an official in charge of the country's employment agencies.

China first set up labor service companies in the late 70s, when millions of young people, who were sent to the countryside during the "Cultural Revolution," returned to cities to seek jobs.

Every year, Li said, more than 780,000 people find jobs through these agencies.

However, the previous agencies were used mainly to simply distribute the labor force in society to the enterprises and "This cannot meet the needs of the present situation in the labor market," Li said.

The new network will train workers before they start work; control the flow of farmers into the city; and seek overseas cooperation on labor market management.

According to Li, China is now facing the pressure of its second job-seeking peak following the first in the late 70s. The present peak resulted from the birth boom in the middle of the 60s.

It is expected that the country will have a new labor force of 12 million and fewer than six million jobs in state-owned enterprises are available.

The ministry plans to send 900,000 farmers working in cities back to their rural areas in order to leave job opportunities for urban job-seekers.

Last year saw more than 1.3 million rural laborers working in state-owned enterprises were sent back home.

State Councillor Zou Stresses Industrial Safety

OW2303150590 Beijing XINHUA in English
1034 GMT 23 Mar 90

[Text] Beijing, March 23 (XINHUA)—State Councillor Zou Jiahua has stressed the need for industrial safety.

Zou, also chairman of the China National Committee of Industrial Safety, was speaking at the committee's 13th meeting, held in Beijing yesterday.

Last year a group was set up consisting of railway, civil aviation, transport, mining, explosive, and chemical experts to make investigations of serious accidents and hidden dangers in production.

Zou said groups of experts would be organized to investigate sources of some typical accidents last year to use as guidelines in safety work.

Article Evaluates Domestic-Made Goods

HK2303082590 Beijing JINGJI CANKAO in Chinese
28 Feb 90 p 1

[Article by Liang Yaojiu (2733 5069 0036): "An Unbiased Comment on China-Made Goods"]

[Text] Advocating use of China-made goods has been gaining momentum recently. This is a good thing, because the previous practice of worshipping foreign goods was indeed something that should not be seen.

Those who swagger through the streets, wearing toad-eye-like glasses bearing a foreign trademark, perhaps can be considered the most outstanding people with this mentality of worshipping things foreign. In the next category are those boys and girls who wear imported clothes bearing brands in foreign languages and even wear T-shirts bearing printed words of "Kiss Me" ["Kiss Me" rendered in English as published], or going for a spin.

The large influx of foreign goods is a new trend that emerged along with the implementation of a policy of opening up to the outside world. Originally, this was not a bad thing. Even "the stone of those hills may be used to polish gems," much less such superior things as technology, quality, and packaging. If we reject these things without exception and cherish the outmoded and preserve the outworn, how can we talk about making progress? If foreign goods are imported and consequently shop shelves are full of homemade goods with better quality, is this not a good thing? As the result of importing foreign goods, the quality of some of our homemade goods has reached the standards set for export goods and become foreign goods to foreigners, thus earning foreign exchange for the state and boosting our national strength. Some imported foreign technology, equipment, and production lines have played a considerable role in boosting our country's production capacity and therefore, they should all the more be

welcomed. In the world of today, economic, technological, and cultural exchanges are no longer confined to a matter of helping supply each other's needs.

Nevertheless, reviewing past events, we should not forget that the dumping in large quantities of foreign goods in China, in its modern history, was indeed quite inglorious. One hundred and fifty years ago, the Opium War which was unleashed in order to dump drugs in China, was the beginning of China's history of national betrayal and humiliation. The huge influx of various foreign goods into China struck a deadly blow at the country's household handicraft industry. Between 1914 and 1919, taking advantage of the situation in which the imperialist powers were busily engaged in World War I, China's national industry generated its first vigorous development. Once the imperialists were able to free themselves from fighting one another, China's national industry once again could hardly carry out their operations. This is where the reason for the advocacy of using homemade goods in the 1920's and 1930's lay.

We cannot say that foreign capitalists of today have changed the course which their fathers and grandfathers traversed, and that their relations with ours have become purely "sincere and friendly", even become "selfless aid." We should not cherish this hope. Doing business means none other than making money. It is already pretty good if business can be done honestly and fairly. It is pity that of the foreign goods imported in the last few years, quite a few were fake or shoddy goods. Should we not boycott foreign goods of this kind? I think we should.

Quite a considerable number of the foreign goods which flooded our country are not all that necessary, such as cigarettes, wines, and cosmetics. "With or without a rabbit, we will celebrate the New Year as usual." Since our foreign exchange is limited, it would be better if we save and use it to buy some more useful foreign goods. Some people say: With their quality high and prices low, naturally foreign goods are highly competitive on the market. Forcing ourselves to advocate using homemade goods means protecting the backward. If we really want to advocate the use of homemade goods, we should concentrate our efforts on improving their quality and lowering their costs. So long as a lot of work is put in, homemade goods will naturally be superior to foreign goods. Hence, there is no need to raise any empty slogans.

We cannot say there is not any truth to the argument. As far as the managers and producers of our national industrial departments and our scientists and technicians are concerned, we should pay particular attention to boosting their aspirations and encouraging them to work hard for the prosperity of the country. One year, the raw medicinal materials for producing the fist [quan tou 2164 7333] product of a pharmaceutical factory were suddenly unsalable, because a certain locality in South China imported the similar materials in large quantities from the United States at prices cheaper than those of homemade materials. Comrades at the factory were very

unhappy. Later on, they openly informed its employees of this story and together with the latter, they made a calculation: The yearly wage of every American worker is above \$10,000 or 200 to 300 percent higher than that of his Chinese counterpart. Still, the American capitalists can reap exorbitant profits. After travelling across the oceans, their products still can sell cheaper than ours. Should we not carefully study what truth this phenomenon contains and what gap there exists between their products and ours? It's better to improve ourselves than blame others. This shows we have aspirations.

However, what is at issue now is not like what we have discussed above. Many homemade products like color television sets are not inferior to their foreign counterparts in terms of functions, and are cheaper than the latter. They are well received on international markets as foreign goods and moreover, they are highly competitive. However, they are less popular than their foreign counterparts on the domestic market. Quite a few more instances of this kind can be cited. A certain philharmonic orchestra applied for foreign exchange to import musical instruments on the grounds that homemade musical instruments were poor in quality. After the instruments were bought from abroad, they praised how sound the resonance of the clarinet was. Later some people accidentally found there was a "Made in China" label ["Made in China" rendered in English as published] left on the clarinet. This cannot be explained with normal market competition mechanisms. As far as these comrades are concerned, is there any need to state the reasons for advocating use of homemade goods, publicize the achievements made in developing homemade goods, and even dampen a little their enthusiasm for buying foreign goods? I think there is a great need to do so.

There is also some room for us to make an analysis of the products which are superior to ours. For example, when it comes to complete sets of steelwork equipment, other countries' technology is more advanced than ours. Therefore, it is entirely necessary to import complete sets of steelworks equipment. However, what degree of "completeness" should be achieved? If a steelworks uses homemade fluorescent lamps and urinals, I think this will not necessarily impair the output and quality of its steel.

Moreover, as far as the functions and quality of products are concerned, it is not necessarily the more, the higher, the better. Many foreign cassette recorders and hi-fi sets have tens of functional keys. However, I believe most people have never used all of the functions. Not using them means not having them or it makes no difference to have or not to have them. Nevertheless, every function needs a certain amount of money to build, which is then included in the product's cost or selling price. This amount of money is tantamount to being thrown in the water as far as most people are concerned. When economists and entrepreneurs of insight in the world discuss buying technology, they all stress "suitable technology." Using a homemade machine tool to lathe an ordinary

spare part will bring greater benefits than using an imported digital-controlled machine tool of high precision. This calculation can be easily done.

Finally, let me say something about the question of "protecting the backward." The wise will never desire to "protect" the backward and let them remain unchanged forever. However, what is to be done with the backward? Should we help them to catch up with the advanced or give them death penalties? In the latter case, China can only lead to the status of being a colony and will never be able to stand up forever. Most Chinese people are not willing to do so. Catching up is no easy job. With good equipment and a high level of mechanization, foreign countries have managed to achieve labor efficiency and quality as they are today. To reach their levels, we need more equipment but currently, among other things, we do not have enough money to buy so many pieces of equipment needed. We have to start from our existing conditions and gradually improve our production capacity after making some money. This being the case, we have to protect national industry for a while. If a child is not protected, how can we expect him to make more creations after growing up? Many ways can be taken to protect national industry, of which the most important one is taxation. This is a common practice in the rest of the world. Levying higher custom duties on some imported commodities and closing the country to international contacts are not one and the same thing. As far as those people who are bent on worshipping foreign goods and unable to change their minds for a moment are concerned, we should not force them to buy home-made goods. They should be allowed to spend their money buying foreign goods. In this way, the state will be more able to support national industry that needs development. This I think cannot be considered a bad thing.

The Chinese people desire prosperity and hope that things will get better and better for them. In the final analysis, this relies on the development of China's economy and production and it requires the concerted efforts of the entire 1.1 billion Chinese people to achieve such development. If national industry is underdeveloped, it will be impossible to meet the needs of the 1.1 billion Chinese people by exclusively relying on "foreign goods." Such people who want to dominate this 1.1 billion-people market and grab the lion's share are by no means rare. However, what will we exchange with them? There is no such thing as giving away free of charge on earth. To earn money, the Chinese people have to develop their own production. In this sense, we have to vigorously advocate using homemade goods. Of course, we are not stupid enough as to ban the use of foreign goods. However, it is better to advocate than not to advocate use of homemade goods, and this is definitely true of having more rather than fewer people who like to use homemade goods. The more rapidly China develops its economy, the greater its ability to buy "foreign goods" will be. This has been proved by events in the last few years and will be proved by events in the future.

Aspects of Eighth Five-Year Plan Detailed

HK2703115090 Hong Kong HSIN WAN PAO in Chinese
17 Mar 90 p 4

[Report: "China Is Working Out the Eighth Five-Year Plan; Policy Bias Will Be Adopted Toward Some Trades Rather than Some Localities"]

[Text] Beijing, 17 Mar (HSIN WAN PAO)—It is learned from the authorities concerned that the State Planning Commission in China recently issued a document entitled "Basic Ideas for the Formulation of the 1991-1995 National Economic Development Plan," and the formulation of the Eighth Five-Year Plan has begun.

The basic ideas for the formulation of the Eighth Five-Year Plan include the following points:

First, the country will not be divided into three major regions from east to west in the Eighth Five-Year Plan, and the policy bias will be adopted toward some trades rather than some localities. The development of large enterprise groups which cut across the lines of different localities, different departments, and different trades will be supported.

Second, agriculture will rank first in the priority sequence of all trades. The state has made it clear that the \$300 million loans contracted with the World Bank will be used as agricultural development funds.

Third, among other industrial trades, transportation and communications will rank second in the priority sequence. The proportion of investment in this field will be raised from less than 10 percent at present to 20 percent.

The priority sequence of products in the machine-building and electronics industries is: motor vehicles, large set equipment, microelectronics products, video recorders, mobile communication equipment and exchanges, the astronautics industry, and household electric appliances.

Fourth, debt arrangement: In 1990, the state will encounter the peak of repayment of its domestic debt, and the peak period will last three to five years; the peak of foreign debt repayment will also begin in 1992 and will last five to seven years.

Fifth, reform: The deficiencies of the current financial quota system have become obvious, and have seriously affected the adjustment of the industrial structure and the production structure. In the period of the Eighth Five-Year Plan, the financial quota system will no longer be pursued and will be replaced with a tax-division system. Some major changes will also be made in the foreign trade contract system and in the banking system.

Notice Banning Illegal Economic Organizations

HK2903140790 Beijing XINHUA Domestic Service
in Chinese 0859 GMT 28 Mar 90

[Report: "State Administration for Industry and Commerce Issues Notice Banning Some Illegal Economic Organizations"—XINHUA headline]

[Text] Beijing, 28 Mar (XINHUA)—The State Administration for Industry and Commerce today issued a notice on banning illegal economic organizations.

Recently, the State Administration for Industry and Commerce discovered that some people carried out activities in the name of "China Qiaobu Limited Liabilities Company," "China International Common Enterprise Group Company," "China Three S Research Foundation Lanzhou Enterprise Company," and "All-China Joint Command for Exporting Rock and Sand". These firms used "processing wooden containers for export" and "exporting rock and sand" as baits to sign contracts and swindle cash deposits, quality guarantee funds, and funds against failure of guarantees [fan bao jin 0646 0202 6855], thus cheating many units and seriously disrupting social and economic order.

Therefore, the State Administration for Industry and Commerce issued a notice as follows:

1. "China Qiaobu Limited Liabilities Company," "China International Common Enterprise Group Company," "China Three S Research Foundation Lanzhou Enterprise Company," and "All-China Joint Command for Exporting Rock and Sand" have carried out business activities without authorization, approval, or registration from the State Administration for Industry and Commerce; they are illegal economic organizations, and hereby banned.
2. The contracts signed by illegal economic organizations are null and void.
3. In order to check the unlawful activities of illegal economic organizations and to prevent being cheated, enterprises and people of various circles please note: Names such as "company" and "group" are specifically for use by enterprises, and are forbidden for use without approval and registration by industrial and commercial administrative organs. When economic contracts must be signed, the original business license of the other party must be checked. When a larger amount of deposit must be paid, the credit condition of the beneficiary should first be investigated. Should there be any activities by illegal economic organizations, they should be reported to the local industrial and commercial administrative organs; should there be any crimes such as cheating, swindling, bluffing, forging valuable papers, or forging and changing government documents, identity papers, and chops etc., by illegal economic organizations, they should be reported immediately to the local public security department, so as to assist the department concerned to crack down on crimes and unlawful activities.

Minister Gao Dezhan on Afforestation Priorities

OW1703053690 Beijing XINHUA Domestic Service
in Chinese 1204 GMT 11 Mar 90

[Local Broadcast News Service]

[Text] Beijing, 11 Mar (XINHUA)—Minister of Forestry Gao Dezhan said that the four focal points of greening work this year are: 1) The number of people participating in the voluntary tree planting activities across the nation must reach a new level; 2) the afforestation area and the number of trees planted must attain a higher level; 3) the quality of the afforestation and greening campaign must reach a higher level; and 4) the cultivation and management of the results of greening must reach a higher level. There are also four breakthroughs in greening work: 1) The urban voluntary tree planting activities must include a comprehensive implementation of the "voluntary tree planting registration card" system; 2) greater efforts should be made to promote the voluntary tree planting drive in rural areas and to resolve the problems of voluntary tree planting bases, voluntary afforestation workers, and the work accumulation system; 3) departments in charge of reforestation and greening work should practice management by objectives; 4) the situation in which people do well with planting but neglect management must be further rectified, while the cultivation and management of trees and grass should be strengthened and the achievements of greening work be consolidated.

Statistics Bureau Reports Spring Plowing Begins

OW2103024790 Beijing XINHUA in English
0806 GMT 20 Mar 90

[Text] Beijing, March 20 (XINHUA) - China has increased loans to agriculture since last winter and most of the summer crops are growing well now, according to the State Statistics Bureau.

The bureau says that financial organizations at different levels provided 5.4 billion yuan in new loans to agriculture in the first two months of this year—an increase of 1.8 billion yuan over last year—and rural credit cooperatives have provided 4.6 billion yuan in loans to support nationwide spring ploughing.

According to the Ministry of Agriculture, Liaoning Province has decided to allocate 66 million yuan for land improvement. Heilongjiang Province is ready to pour one billion yuan into agriculture in the next five years and Hebei Province will provide 230 million yuan for agriculture, 43 million yuan more than last year.

The bureau says that China has increased its arable area by more than 670,000 ha, including land harnessed by improved irrigation, and brought 13,500 square kilometers of eroded land under control since last winter, when the latest campaign to boost irrigation project construction started.

Some 43 million ha were sown with crops last autumn and winter, 1.67 million ha more than in the year before last, among which 600,000 ha were newly added for grain.

Meanwhile, major summer crops like wheat and oil-bearing vegetables are growing well, in spite of the cold

weather last winter. The extra snow and rain since last winter will also benefit spring plowing.

The bureau says China can meet the demand for farm-use materials like chemical fertilizers, pesticides, and plastic sheeting during the coming spring plowing.

Central-South Region

Guangdong Completes Spring Conscription Work

HK2803144390 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 27 Mar 90

[Text] The last batch of new recruits from Guangdong went on board the Yulan, a passenger ship, and left for their respective People's Liberation Army [PLA] units today, thus bringing Guangdong's spring conscription work to a successful conclusion.

This year, tens of thousands of Guangdong youths have joined the PLA and have gone to their respective posts to defend the motherland.

In the course of this year's conscription work, more than 70,000 CPC members and cadres in Guangdong took the lead in urging their children to join the Army. Of 1.3 million youths eligible for conscription in Guangdong, 1.2 million applied to join the PLA. All the relevant units carried out this year's conscription work in strict accordance with the law. As a result, the work has gradually been systematized and guaranteed by law.

Guangdong Holds Symposium on College Youth Work

HK2803143090 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 27 Mar 90

[Text] The Communist Youth League [CYL] cadres from various Guangdong-based institutions of higher learning held a Guangdong provincial symposium on youth work in institutions of higher learning in Shenzhen today.

Secretaries of the CYL committees of various Guangdong-based institutions of higher learning agreed that an urgent task at present is to improve the atmosphere in various institutions of higher learning, build a fine CYL style and a fine learning style, and create a favorable environment for the growth of young people. In order to accomplish this task, it is necessary to realize the following four transformations of college students:

1. To transform the political stand and firmly toe the line of the CPC. To this end, the CYL committees at all levels must act as a reserve force and as an assistant of the CPC committees at all levels.
2. To transform the outlook on life and devote talents and knowledge to the socialist motherland and the people.
3. To transform the concept of consumption, live a plain life, share weal and woe with the state, and join hands with the party and the people in tiding over the current difficulties.
4. To transform learning attitude, develop interest in learning, study hard, and become qualified personnel.

A total of more than 30 dissertations on strengthening ideological and political work among college students were submitted by the secretaries of the CYL committees of various Guangdong-based institutions of higher learning at the symposium.

New Henan Secretary Hou Zongbin Addresses Party

HK2403063490 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 23 Mar 90

[Excerpts] Yesterday afternoon, the provincial CPC Committee held a meeting attended by responsible persons of various organs directly under the provincial authorities. All participants listened to a speech delivered by the newly appointed provincial Party Secretary Comrade Hou Zongbin. [passage omitted]

Comrade Hou Zongbin said: The central authorities decided to send me to work here. I have a strong confidence and determination to work together with all comrades and try my best and do all that I can to grasp the work well.

Hou Zongbin continued: Henan is a good place which has many strong points, and vast land. It is rich in natural resources. Thanks to the efforts exerted over the past several decades, it has enhanced its economic power. This will play a great role in further developing our economy. People in Henan have a glorious revolutionary tradition and the spirit of working hard and enduring hardship. They are hardworking, brave, honest, and capable. Relying on their efforts, they have built Henan, which was formerly poor and backward, into a province which is now initially prosperous and promising. Cadres at all levels in Henan follow a good tradition of establishing close ties with the masses. A number of good cadres represented by Comrade Jiao Yulu have come to the fore. Under the leadership of the party organizations, they have laid a better foundation for our work.

Hou Zongbin stressed: The CPC Central Committee and the State Council have paid close attention to the work of Henan. They have placed their earnest hopes on us. As long as we conscientiously implement the guiding principle and policies of the central authorities, and wholeheartedly rely on the broad masses of the people [words indistinct], we can definitely do various work of Henan still better. [passage omitted]

North Region

Beijing Students Take Courses on CPC

OW2903093790 Beijing XINHUA in English 0728 GMT 28 Mar 90

[Text] Beijing, March 28 (XINHUA)—More than 10,000 Beijing middle school students are taking after-school courses about the Chinese Communist Party on a voluntary basis to familiarize themselves with the party.

The program, sponsored by the Municipal Committee of the Chinese Communist Youth League, covers the party's history, goals and relations with young people. It also deals with personal values and questions concerning young people.

A course organizer said the courses, designed to meet the desire of young people for knowledge about the party, would continue if the program proves successful. There are more than 600,000 youngsters in the capital.

The classes are given on Saturday afternoons by college professors and officials of the municipal youth league committee.

About 800 students take the courses at the municipal party school. Others have the courses by watching video tapes of the party school classes in their local areas.

Inner Mongolia's Wang Qun Conducts Inspection

SK2903120890 Hohhot NEIMENGGU RIBAO
in Chinese 17 Feb 90 p 1

[Text] During his inspection tour of the Qahar Right Wing Front Banner, Wang Qun, secretary of the regional party committee, said to responsible persons of the committees, general offices, departments, and bureaus who accompanied him on the inspections that strengthening the management of enterprises and establishments is a task of top priority at present.

After being informed that the Qahar Right Wing Front Banner has intensified the management of departments, enterprises, and establishments; and that the organs' work efficiency and enterprises' economic results have been noticeably upgraded through reforming the structures of industrial and commercial enterprises, the structure of organs, and the cadres personnel system, Wang Qun said with deep feeling: "The experiences of the Qahar Right Wing Front Banner tell us that we can possibly tide over the difficulties ahead of us. Inner Mongolia has great potential. However, we still lag far behind, compared with our brother provinces, municipalities, and regions. Our per capita labor productivity only reaches half the national average. If the region as a whole upgrades its management to a higher level, our revenue will certainly double and reach 300 million yuan, an increase of 10 percent over the base figure of last year. Therefore, a matter of top priority at the present is to intensify management. This is the most reliable, realistic, and effective method to create economic results without investment."

Wang Qun emphatically pointed out: "To intensify management, we should solve the problem of enterprises and establishments not being adept at management and not willing to or not daring to manage. Our party and government organs, all trades and professions, and leading comrades at various levels should fully understand the importance of strengthening management. The more difficulties there are, the more necessary it is that we be conscientious and brave in management. Leaders should set an example, have a sense of responsibility, and not be afraid of offending others. We must not bring losses to the interests of the majority of the people at the expense of the minority. We should be adept at management. The more difficult the situation is, the more we should have firm confidence in reforms and take the

road of reforms. We will have no prospects but for reforms. This is the only correct choice. To be adept at management, we should believe and rely on the masses, and guide the broad masses of the people to follow the path of self-reliance and arduous struggle. We should have confidence and courage to tide over difficulties. Leading cadres at various levels should leave their offices; go deep to the grass roots; grasp work priorities and weak links to actually help the comrades of lower levels solve their practical problems; and help them tide over difficulties and extricate themselves from the strained circumstances. If we truly achieve this, I believe that 'a prosperous village will certainly be developed under the hopeless circumstances with innumerable mountains and rivers.'"

Northwest Region

Zhang Boxing Addresses Shaanxi CPC Plenum

HK2803142290 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 27 Mar 90

[Excerpts] The enlarged Fifth Plenary Session of the Seventh Shaanxi Provincial CPC Committee concluded in Xian yesterday.

The participants at the session demanded that leading cadres at all levels in Shaanxi hold themselves more responsible to the party and the people; work harder; honestly perform their official duties; make greater contributions; lead the broad masses of the CPC members, cadres, and people to conscientiously implement to the letter the spirit of the "Decision of the CPC Central Committee on Strengthening Ties Between the CPC and the People"; and push ahead with the development of the socialist cause in Shaanxi.

During the session, all the participants conscientiously studied and discussed the "Decision."

(Bai Qingcai), acting governor of Shaanxi, stated important views on Shaanxi's economic work in 1990.

All the comrades attending the session also held discussions on specific measures aimed at maintaining economic and social stability in Shaanxi in light of the realities. On this basis, the participants at the session discussed and approved in principle the "Work Report of the Standing Committee of the Shaanxi Provincial CPC Committee" and "Opinions of the Shaanxi Provincial CPC Committee on Implementing the 'Decision of the CPC Central Committee on Strengthening Ties between the CPC and the People.'" [passage omitted]

Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee, delivered a speech at the closing ceremony of the session.

Comrade Zhang Boxing said that the participants at the current session initiated the implementation of the "Decision of the CPC Central Committee" in Shaanxi. He hoped that party and government cadres at all levels

in Shaanxi will further develop the spirit of the party rectification movement and practically implement the "Decision of the CPC Central Committee" and the "Opinions of the Shaanxi Provincial CPC Committee" to the letter.

Comrade Zhang Boxing said that in order to implement to the letter the spirit of the Sixth Plenary Session of the 13th CPC Central Committee, it is necessary to carry out work in a down-to-earth manner, maintain stability in Shaanxi, strengthen sense of responsibility and sense of urgency, and further promote political, economic, and social development in Shaanxi.

Xinjiang Police Arrest Illegal Arms Merchants

*HK2903042990 Hong Kong HSIN WAN PAO
in Chinese 28 Mar 90 p 3*

[Special dispatch: "Xinjiang Police Arrest 67 for Weapon Sales"]

[Text] Beijing, 28 Mar (HSIN WAN PAO)—Investigations by the police show that sales of firearms

and ammunition, hunting of red deer, and illegal resale of contraband medicines were rampant in the border areas of Xinjiang Uygur Autonomous Region last year. Some bands of armed gangsters have emerged in certain places.

Most of the illegal bands of armed gangsters have been found in Zhaosu, Yining, Tekes, Xinyuan, Nilka, Qapqal, and Yumin.

A police source said more than 100 red deer were illegally hunted in Xinjiang's border areas last year, and this rare species is now on the verge of extinction.

It is said that most of the gangsters were from Gansu and Ningxia. Collaborating with local residents, they assembled firearms with the main component parts of semi-automatic rifles and sold them to hunters for staggering profits.

During a round-up operation at Qingshan, the local police captured 80 firearms of various types and more than 2,500 bullets; 67 people were arrested in the operation.

Hong Kong

Basic Law Drafter Urges NPC To Adopt Draft

HK2903022990 Hong Kong SOUTH CHINA
MORNING POST in English 29 Mar 90 pp 1, 11

[By Chris Yeung in Beijing]

[Text] The marathon drafting of Hong Kong's post-1997 constitution entered its final stage yesterday as the Basic Law Drafting Committee chairman, Mr Ji Pengfei, tabled the blueprint at China's National People's Congress (NPC).

Delivering a lengthy account on the rationale behind the 160-article draft at a full NPC session, Mr Ji maintained the drafting, which has lasted four years and eight months, was democratic and open.

He recommended that the NPC promulgate it without any amendment when the legislature closes next Wednesday.

"Every article is the product of thorough research and studies and debate. We have followed the majority views while respecting the opinions of the minority," he told NPC members who packed the Great Hall of the People.

Mainland deputies, most of whom had not had a full glimpse of the mini-constitution until last week, responded favourably to the draft and said they would vote in support.

An Inner-Mongolia Autonomous Region deputy, Mr Luo Xi'en, said: "The mainland compatriots agreed to the draft because national dignity would be preserved by resuming sovereignty over Hong Kong. We don't care how much has been given to Hong Kong."

"Hong Kong people should put their minds at ease. There are the Macao and Taiwan questions. If the promises given to Hong Kong have been broken, we will find difficulty in striving for national unification," Mr Luo, an engineer, said.

In his 20-page explanatory note on the draft, Mr Ji, who is director of the State Council's Hong Kong and Macao Affairs Office, chronicled the drafting task since the first plenum was held in July 1985 until the ninth, and final, plenary session in Beijing last month.

He did not mention the June 4 suppression of the democratic movement which interrupted the consultative exercise and swayed public opinion towards calls for greater democracy, human rights and autonomous powers in the future Special Administrative Region (SAR).

The suspension of the two local drafters, Mr Szeto Wah and Mr Martin Lee Chu-ming, has not been included.

Stressing that the future SAR enjoys wide autonomous executive, legislative and judicial powers, Mr Ji indicated the restrictive range of powers to be vested with the central Government were "indispensable" to ensure state sovereignty.

The new provisions on subversion and a ban on local political groups forging overseas links with political bodies were also a must to preserve sovereignty and territorial unification, as well as the prosperity and stability of Hong Kong, he said.

Mr Ji told the deputies it was also a "special but necessary exception" to give the final power of adjudication to the territory in view of the different legal systems across the border.

After taking into account the realities in Hong Kong, he said multi-level safeguards of human rights and freedoms for different categories of people such as permanent residents, China nationals and non-Hong Kong residents have been written into the Basic Law.

Commenting on the political structure, Mr Ji indicated the principles were to preserve prosperity and stability, cater to different interests and facilitate the development of a capitalist economy.

While retaining the merits of the present system, he said the political system had also allowed a gradual and orderly move towards greater democracy.

Mr Ji said the split-voting system for certain bills in the SAR legislature "will avoid incessant disputes over government bills and ensure high efficiency of the administration".

Curbs over the right of abode for top government officials, members of the executive council, legislature and judicial organs are to reflect the needs of state sovereignty and the policy of "Hong Kong people administering Hong Kong", he argued.

"Only by doing so can those people (officials) be responsible to the SAR and the Hong Kong people," Mr Ji said.

The Inner-Mongolia Autonomous Region representative Mr Luo said the powers given to the Hong Kong SAR were far greater than those of his region.

"We don't understand the realities in Hong Kong. But as long as state sovereignty is realised and most of the Hong Kong people are happy with it we will not be opposed."

"We won't be jealous over the wider autonomous powers given to Hong Kong people. I don't think the delegates will argue whether specific articles should be included or dropped from the draft," he said.

Mr Luo also agreed the anti-subversion provision was necessary. "It's only part of the Basic Law. We have not given a higher status to the article in the Basic Law. As a

region, how can it subvert the central Government? Even subversive activities against the SAR government should be banned."

An NPC Standing Committee member and delegate of "Taiwan province", Mr Cai Zimin, maintained the scope of powers given to the SAR were appropriate.

"I'm convinced the Basic Law will become a showcase for the Taiwan question. There are seven years to go for transition towards Chinese sovereignty. If the policies of China remain unchanged, it will facilitate the unification of Taiwan," Mr Cai said.

In the afternoon, delegates held small group discussions on the draft. Views will be compiled by the Law Committee under the NPC Standing Committee in a report to be submitted to the presidium of the plenum.

The presidium will then forward the final draft, over which no changes are expected, for an approval at the end of the 15-day plenum.

In the discussion among Hong Kong and Macao delegates, a former director of the New China News Agency in Hong Kong, Mr Xu Jiatun, called for mutual communication and understanding between people across the border in promoting and implementing the Basic Law.

Mr Xu, an NPC Standing Committee member, said the experience of the drafting task was that only through mutual understanding and communication could differences be narrowed and consensus reached.

He said the high autonomous powers given to the SAR were "unique in the world".

Mr Xu cited the scope of power for the SAR in the areas of politics, economy, legal and administration were far greater than a federal state and those autonomous regions on the mainland.

"Those who cast doubts on our sincerity in implementing the policy of one country, two systems should have a detailed look at the Basic Law."

He said the rights and freedoms for Hong Kong people would also provide a legal basis for the development of democracy.

The pace of the democratisation programme in the draft had already been fast, Mr Xu said.

Although a democratic tradition was lacking in the territory, he said, the drafters had taken into account the aspirations for speedier democracy while catering to the interests of different sectors and the need for stability during the sovereignty transfer.

"It's meaningless to discuss the pace of democracy if we ignore local realities and the majority aspirations for stability and prosperity," Mr Xu said.

Warning of a confidence crisis in Hong Kong a local deputy and unionist, Mr Cheng Yiu-tong, urged China to

take the initiative in building up mutual trust and respect once the Basic Law is promulgated.

"China should continue to pursue an open policy and nurture a relaxed atmosphere on the mainland so that people have greater faith towards the future of the country as well as Hong Kong," he said.

Bank of China Report Cites Colony's Vital Role

HK2903023590 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 29
Mar 90 p 1

[Text] The Bank of China said yesterday the suspension of international lending to China would make Hong Kong an increasingly attractive centre in which to raise funds.

With the Chinese economy in turmoil, a new report by the bank's Hong Kong-Macao Regional Office sees more opportunities for capital fund-raising for China in Hong Kong.

The bank said that U.S.\$7 billion worth of loans had been arranged by the territory's bankers during the period 1985-1989.

This figure accounted for 80 percent of the total loan syndications made in China.

China's foreign debt now stands at U.S.\$40 billion, but there is no sign of Western countries resuming lending.

Only a few Japanese banks are making loans, and most are for projects approved before June 4.

Some European banks in Hong Kong are lending money for trade finance, but not on a project basis.

The report can be seen as a good sign for Hong Kong, where business confidence has been dented by the poor Chinese economy and the violence of June 4.

The banks said Hong Kong would become more important because of the massive withdrawal of both foreign investors and lenders, who stopped loans to China after June 4.

The bank also forecast an expansion of economic development and trade in China.

The report said that though China was facing a jumbo-sized debt and needing foreign currencies to finance its machinery and technology imports, the amount of its imports would not diminish.

Hong Kong's export and re-exports to China would not decrease as long as local manufacturers and industrialists satisfied the changing needs of Chinese consumers, it said.

Goods transported to China through the territory and Hong Kong's exports to China have increased to 29.9 percent and 13.70 percent from 6.6 percent and 1.1 percent respectively.

The report said the success of Hong Kong's economy was due in part to China's cheap labour costs and the abundance of resources it supplied to the territory.

In effort to strengthen economic cooperation, the report suggested Hong Kong help China develop its infrastructure.

It also suggested the two should work closely in the fields of applied science, communication, transport and energy.

A lack of proper infrastructure and high technology in China would hinder expansion of economic cooperation, the report warned.

It said unless Hong Kong fully utilized China's underlying scientific research and labour force, the territory would not emerge as a highly-sophisticated manufacturing centre.

Hong Kong is the leading foreign investor in China, according to recent figures issued by Chinese authorities.

Asiasat Satellite Launch Set for 7 April

HK2703021790 Hong Kong SOUTH CHINA MORNING POST in English 27 Mar 90 p 3

[By Shirley Yam]

[Text] The Government has signed an agreement with London to clear the legal technicalities for the first satellite to be launched by a Hong Kong-based company on April 7.

A Sino-Hong Kong consortium, Asiasat, will now be able to go ahead with its plan to launch its first American-made satellite to be carried by China's Long March 3 rocket in Xichang.

According to international laws, a country must have its own satellite legislation in place before companies registered with it can launch such facilities.

Britain enacted its own Outer Space Act in 1986 but it has not been extended to cover Hong Kong.

The act held the British Government liable to any damage caused by satellites launched by British-registered companies.

Even though the Hong Kong Government started drafting similar legislation last year, officials estimated it would take them months to finish.

Since the legislation will not be completed in time for the Asiasat launch, the Government asked London to extend its Outer Space Act to Hong Kong as an interim measure.

An Order-in-Council to extend the act was signed by the Queen on March 14 with a separate agreement between the Hong Kong and UK governments.

The agreement holds Britain legally liable to any damage caused by the launch of the Asiasat No. 1 satellite, but the Hong Kong Government will pay for it.

Asiasat, in turn, has undertaken to reimburse the Hong Kong Government for any claims.

Mr Terry Seddon, Asiasat's chief executive officer, confirmed that the Hong Kong Government would not be liable to foot the bill for any damage caused by the company's satellite.

The company spent about \$195 million on an insurance policy, of which 80 per cent was placed in the People's Insurance Company of China. The insurers are liable to a maximum compensation of about \$940 million.

It is understood that the Hong Kong version of an outer space act would seek to require any Hong Kong-based company to apply for a permit from the General Post Office's Telecommunication Branch before launching a satellite.

The satellite and its accessory facilities will be required to meet certain international technical standards.

Asiasat's \$1 billion satellite scheme is the first project of the consortium, formed by the Hutchison Group, Cable and Wireless and China International Trust and Investment Corporation.

AIDS Increases Among Resident Chinese

HK2803024190 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 90 p 3

[By Helen Signy]

[Text] Aids in Hong Kong is no longer confining itself to non-Chinese and homosexuals, doctors of the Department of Health warned yesterday.

The chairman of the AIDS scientific committee, Dr Yeoh Eng-kiong, said that the virus was becoming more deeply rooted in the local Chinese community and heterosexual infection had increased.

The warnings came as the Health Department announced that AIDS had struck three more people in Hong Kong last month and killed another.

"What is worrying is the increasing number of infected persons you find among the heterosexuals... there has been quite a marked increase," Dr Yeoh said.

"We're now at a stage when we're seeing changes—there are more infections among the Chinese and heterosexual population.

"People have to realise they will not be saved by saying they're not going to have contact with a non-Chinese," he added.

A total of 20 people have died from AIDS in the territory and 13 others are undergoing treatment, while three have

already left Hong Kong, according to the head of the AIDS Counselling and Health Education Service, Dr Patrick Li Chung-ki.

Dr Li said of the three people who developed AIDS last month, one was Chinese, while one was a haemophiliac and the other two had contracted the disease sexually.

Of the 140 people who had been registered as carrying the HIV virus, 95 were Chinese and 45 non-Chinese, while among Hong Kong's 36 AIDS victims, 19 were Chinese and 17 non-Chinese.

AIDS was also spreading away from the homosexual community, highlighted by the diagnosis last month of one more heterosexual man carrying the HIV virus—bringing the total to 20 heterosexuals carrying the HIV virus.

This compares with 51 homosexual carries of the HIV virus.

Of the AIDS patients, 23 caught the disease through homosexual acts, while five were heterosexuals.

The Advisory Council on AIDS, headed by the Director of Health, Dr Lee Shiu-hung, and including representatives from the Red Cross, Council of Social Services, the Family Planning Association and other prominent community members, will meet next month to discuss the best approaches to fighting AIDS in Hong Kong.

"We're really going to deal with all the issues relating to AIDS and look at aspects of how we're going to achieve the ambitions of the AIDS programme," Dr Yeoh said.

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